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Whitney Sues and Prints a Retraction

Whitney Houston's lawsuit against her former manager, Arista Records, has been settled. The record company has agreed to pay her \$5 million and to print a retraction of its earlier statements.

China's Nuclear Tests

China has announced that it will suspend its nuclear tests for one year. This move is seen as a step towards international nuclear non-proliferation efforts.

U.S. Nuclear Tests

The Clinton administration has announced a new plan for nuclear testing. The plan involves a limited number of tests to improve safety and reliability of the nuclear weapons stockpile.

Clinton's Economic Policy

President Clinton's economic policy is being scrutinized by Congress. Critics are concerned about the impact of his policies on the economy and interest rates.

Clinton's Foreign Policy

President Clinton's foreign policy is being scrutinized by Congress. Critics are concerned about his handling of international relations and trade agreements.

Clinton's Trade Policy

President Clinton's trade policy is being scrutinized by Congress. Critics are concerned about his handling of trade negotiations and international trade agreements.

Doors Are Closing on East European Refugees

By Jane Perlez
New York Times Service

PLZEN, Czech Republic — A 31-year-old farmer from Yugoslavia, Mazlun Buragi, stepped off a scruffy bus onto the well-kept square here after a five-day, four-country journey, and with 50 other disheveled passengers tried to arrange a taxi to cross into Germany.

An ethnic Albanian from Kosovo Province, dressed in a heavy leather jacket and with a peace sign tattooed on one hand, Mr. Buragi, one of thousands of people who pass through here from the Balkans, said he was fleeing conscription by Serbian authorities. He said he preferred not to stay in this relatively prosperous, beer-making Czech city, known in German as Pilsen, because he had better connections in Germany.

When people like Mr. Buragi arrive in Germany after July 1, they will face immediate expulsion to the Czech Republic, which does not want them either.

The new, more restrictive German immigration law that is taking effect has heightened fears in the Czech Republic and in Poland, transit countries for most refugees into Germany, that they will become the dumping ground for those Germany refuses to accept. Hungary has expressed a similar anxiety.

These former Communist countries, which opened their borders in late 1989 after decades as closed societies, are now rushing to stem the flow of people.

"A lot of agreements are being signed to push the refugees back east," said Daisy Dell, the representative of the UN High Commissioner for Refugees in Prague.

Last year, about 450,000 people seeking asylum arrived in Germany, and the flow this year has been about 30,000 a month. About half of the 1992 arrivals in Germany came from the Balkans.

The governments of the Czech Republic, Poland, and Hungary assert that refugees returned by Germany would threaten the economic progress these countries have made as they struggle to get their economies in shape.

Further, the refugees could set off ethnic unrest and tarnish the carefully nurtured image of East European countries trying to improve themselves.

"This country cannot afford to take a large number of refugees at a time when people who live here are in a somewhat insecure position," said Tomas Hejzman, director of refugees at the Czech Interior Ministry. "The image of the state would be hurt because we can't cope with them. We have to find a solution which is realistic for this country."

The three countries are planning new restrictions on migrants from the Balkans or other areas, and they are making preparations to ensure that they can in turn deport any testees.

See REFUGEES, Page 8



Two Albanian youngsters waiting Wednesday at the border crossing after being deported from Greece with their family.

In Mass Sweep, Greeks Deport Thousands of Albanians

Compiled by Our Staff From Dispatches

ATHENS — The Greek authorities have expelled about 13,000 Albanians in a sweep that the police say will be followed by the deportation of 100,000 people.

The expulsions started after Albania deported a Greek Orthodox priest last week, accusing him of anti-Albanian propaganda.

The Greek chief of police, Antonis Lambadiaris, vowed Wednesday that the operation would continue until the last illegal immigrant was out of Greece. He called on Greeks to report illegals.

Tens of thousands of Albanians have poured into Greece since the collapse of communism in their country in late 1990. They provide unskilled labor and are the major source of foreign currency for Albania, sending money to relatives. Some estimates of the total of Albanians are as high as 300,000.

Efforts to expel the illegal immigrants faltered in the face of appeals for leniency from Albania, the poorest country in Europe.

But relations between the neighbors took a turn for the worse when Albania expelled Archimandrite Chrysostomos Maidonis, a Greek, from the town of Gjirokastra.

Albanian policemen reportedly beat supporters of the priest who tried to prevent his expulsion.

The president of the Left Coalition, Maria Damanaki, charged: "These massive expulsions of poor people are no response to the serious political problems posed by Greek-Albanian relations."

The arrests have now spread to the Greek islands of Crete, Kos, Patmos, Rhodes, the Cyclades and the Dodecanese, where hundreds of immigrants are employed in construction or agriculture.

Those rounded up in Athens have been taken to a special center in the port of Piraeus, on the outskirts of the capital, or put into police station cells. Each day 20 to 30 busloads of immigrants leave Piraeus for the border. Some are transported back to Albania by sea. (AFP, AP, Reuters)

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Clinton to Tell Germans: Lower Your Interest Rates

Compiled by Our Staff From Dispatches

WASHINGTON — President Bill Clinton said Wednesday that Germany could play a key role in stimulating the global economy by continuing to lower interest rates.

"I think the German central bank should continue to lower interest rates there so that all of us together can expand this economy," Mr. Clinton said.

The president's remarks, which came ahead of next week's economic summit meeting of the Group of Seven leading industrial nations, sparked a trading surge into dollars, boosting the U.S. currency by nearly 20 pips in New York trading.

Mr. Clinton was responding to a reporter's question about what he would ask other countries to do to help end the global recession at the Tokyo summit meeting.

"I think Japan ought to stimulate their economy and open their markets, the Europeans should resolve their own differences about agriculture and other things and help us sign the GATT agreement before the end of the year," Mr. Clinton said, referring to the Uruguay round of world trade talks under the General Agreement on Tariffs and Trade.

"If we can get a good trade agreement, if we can open the markets of other countries, then I think you'll see some real growth coming into the economy," Mr. Clinton said during a photo-taking session with Congressional leaders.

He added that lower German interest rates would help, saying: "It is very hard for the United States alone to grow jobs without help from other nations." His remarks came as speculation grew in Germany that the Bundesbank might hold rates at its last meeting before the summer holidays on Thursday. (Page 13)

Mr. Clinton said that the global recession had cut U.S. exports, which generate about two-thirds of new jobs. America's trading partners need to do more to give their economies a boost, he said.

Asked about the most recent batch of reports on the U.S. economy, many of which were negative, Mr. Clinton said: "Most of them are pretty discouraging and some are encouraging," adding that they pointed to the need to boost global economic growth.

"One of the reasons we're having this meeting today is to talk about what the United States can do at the meeting of the G-7 to try to get going in the global economy," he said, referring to the summit meeting of the United States, Japan, Germany, France, Britain, Canada and Italy.

Mr. Clinton said that in a global recession, it was more difficult to generate jobs in the United States.

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See RATES, Page 12

U.S. and EC Spar on Ways For Japan to Curb Surplus

By Richard W. Stevenson
New York Times Service

LONDON — Like the United States, the European Community will continue to press Japan at next week's summit meeting to curb its \$150 billion annual worldwide trade surplus, more than a fifth of which is with Western Europe.

But differences between the United States and Europe over how to address the trade problem will keep them from presenting Japan with a united front on the issue, government officials and analysts said, diluting their message and perhaps weakening their negotiating positions.

Despite ending initial negotiations with Japan on Monday without making significant progress, Washington is sticking by its insistence that Tokyo accept specific targets for increased imports of goods and services from the United States as the best way of achieving measurable success in reducing the trade gap. A third of Japan's surplus comes from its trade with the United States.

The European Community, however, has made clear that it objects to such an approach, which critics often call "managed trade," primarily out of fear that any specific quotas assigned by Japan to goods from the United States would reduce opportunities for European exporters.

Instead, the Community will push a program to review with Japan company by company if necessary, the reasons why European exporters have difficulty getting access to the Japanese market.

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See TRADE, Page 14

Rebel Is Azerbaijani Prime Minister

BAKU, Azerbaijan (AP) — Surat Huseynov, the rebel leader who forced Azerbaijan's elected president, Abulfaz Elchibey, to flee the capital, was named prime minister on Wednesday. He promised economic stability and victory in the long and losing war with Armenians over the Nagorno-Karabakh enclave.

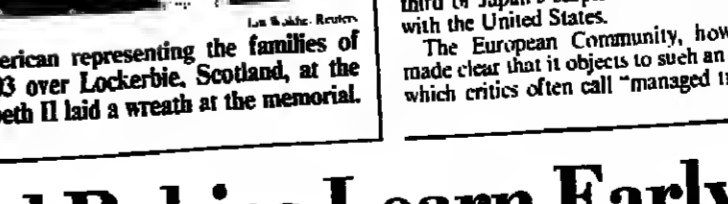
Mr. Huseynov, a 34-year-old former army colonel who has become an industrialist, was appointed prime minister with expanded powers after three days of closed-door meetings with Geidar Aliyev, the former Communist Party chief who now is acting president.

Abortion Foes Win a Major Victory in House

WASHINGTON (AP) — The House handed anti-abortion forces a big victory Wednesday, voting to maintain the government's 10-year ban on federal funding of abortion for poor women. The vote was 255 to 178.

The House adopted a proposal by Henry J. Hyde, Republican of Illinois, that would continue to outlaw federal funding for abortion except when the mother's life was at stake or in cases of rape or incest.

FOR FLIGHT 103 — Johanna Mass, an American representing the families of Americans killed in 1988 on Pan Am Flight 103 over Lockerbie, Scotland, at the Lockerbie memorial to the victims. Queen Elizabeth II laid a wreath at the memorial.



How to...

Various small articles and advertisements on the left side of the page, including a 'Kiosk' section and a 'Book Review' section.

Strapped In for a Chinese Life: Swaddled Babies Learn Early Not to Fuss

By Lena H. Sun
Washington Post Service

BELLING — It is playtime at the Tongren Kindergarten. As 3-year-olds run relay races in the schoolyard, the teacher suddenly calls out to one girl.

"You didn't run on the dotted line," the teacher says disapprovingly. The girl, giggling, immediately retreats her steps on faded red spots painted on the concrete. The teacher smiles and nods. No one else makes the same mistake.

Children in China learn early the importance of conformity and obedience. Here in the world's most populous country, the highest praise for a child is to be called, "gumi" ("well behaved and obedient.")

To be sure, Chinese kids are loved and pampered by their parents. Indeed, because of a family-planning policy begun in late 1979 that limits each couple to one child, spoiled-only-children have become so common that Chinese have dubbed them "the little emperors."

But practically from the moment they are born, babies are conditioned to conform here. They are swaddled in blankets and tied up with string to prevent their arms and legs from moving. They sleep only on their backs.

Thumb-sucking, pacifiers, security blankets and cuddly stuffed animals are not allowed. Toilet training starts within months of birth. Crawling, the main way infants learn new skills, is discouraged.

"Parents like best for their children to be obedient," said Dr. Wu Fenggang, deputy director of the Child Development Research Center of China. "I think parents are worried that if children are too individualistic, they might face problems later on."

Dr. Wu, a child psychologist, has been researching the effect of environmental stimuli on early childhood development.

Western child-development experts say the Chinese way may teach children to rely not on themselves but on an outside power, whether their parents or society.

"I think it would make them learn very early that they didn't have any control over their environment," said Dr. T. Berry Brazelton, a pediatrician professor at Harvard Medical School who has also studied child development here. "I think a child who was feisty or individualistic would have a very hard time in China."

After a Chinese baby is born, nurses and doctors swaddle it so lightly that its arms and legs cannot move. Only the head is exposed. Chinese say the purpose is to

recreate the physical security and warmth of the womb.

Often, the bundle is then tied at the child's arms and around the legs, "to make sure the legs grow straight and the child doesn't become bow-legged," said Guo Yanqiu, a Chinese journalist whose son, now 15, was bound like this for three months, including sleeping and feeding times. The boy was only unwrapped to change his cloth diaper and for bathing.

Swaddling has been linked to increased incidence of respiratory disease and hypothermia and children breast-feeding. The incidence of pneumonia among children between birth and age 5, for example, is three to four times higher than that in more developed countries, according to Robert Parker, a senior Unicef official in Beijing. Hypothermia, the condition that swaddling was designed to combat in the first place, results because the infant's arms and legs are unable to move to generate heat. And infants who are tightly bound tend to sleep more, and therefore won't nurse as frequently, Mr. Parker said.

Although some hospitals in Beijing have stopped the practice, swaddling is still widespread in much of China, and in some poor rural regions it is taken to an extreme. In parts of Shandong Province and neighboring Hebei Province — areas plagued by water shortages — an estimated 700,000 to 800,000 peasants are wrapping their babies in sandbags for as long as a year after birth, and in some cases, up to five years, according to Unicef.

Babies are packed into hags with about nine pounds (four kilograms) of sand — covered to the waist so that they cannot bend, sit up, roll or move about.

"When the baby is first put in the bag, he will fuss and fuss," Dr. Wusat said. "But no one pays him any attention, then he will learn not to fuss."

Facing G-7 Setbacks, U.S. Will Seek a Political Focus

By Elaine Sciolino
New York Times Service

WASHINGTON — With trade issues deadlocked and with resistance growing to U.S. strategy on aid to Russia — just days before the Group of Seven summit meeting in Tokyo — the Clinton administration has turned its attention to a political declaration by the group as a possible way to make the meeting a success.

A preparatory meeting of diplomats in Tokyo last week, the United States met obstacles on the political front as well as on initiatives ranging from condemning Iran to developing a common policy on Bosnia.

The U.S. and British call to criticize Iran for sponsoring terrorism, developing chemical, biological and nuclear weapons, and for violating human rights abuses has not yet won agreement.

A political declaration, which is in the form of a blank space in which a joint statement to Iran might eventually appear.

"Everybody agrees that Iran is doing

some nasty things, but there is a lot of concern about whether the economic summit is the proper forum in which to address that," an official said.

Some officials conceded that the other economic partners — Canada, France, Germany, Italy and Japan — do not share the U.S. and British conviction that Iran should be singled out for condemnation.

As for the war in Bosnia-Herzegovina, the seven have not yet agreed on a position. The group decided instead to wait until they meet again, on the eve of the meeting, to inject a paragraph or two, the officials said.

The group's indecision on Bosnia is in stark contrast with its strong warning to Serbian leaders at the economic summit meeting a year ago. The Group of Seven said then that it would support military action backed by the United Nations if it became necessary to get aid through to civilians in besieged Sarajevo and other parts of the country.

At that time, the G-7 countries called on

Serbia and Croatia to "respect the territorial integrity of Bosnia-Herzegovina" and demanded that all military forces, except those of Bosnia, "be withdrawn or disbanded and disarmed with their weapons placed under effective international monitoring."

A year later, however, Serbia has consolidated its position and the industrialized countries have abandoned any effort to roll back territorial gains. Because negotiations are under way in Geneva to divide Bosnia-Herzegovina into three ethnic states, senior officials said the group wanted to see what happened before drafting language on the crisis.

The American side successfully pushed for a call in the draft for an end to the Arab boycott of Israel.

This year's declaration will also include an appeal for United Nations reform, including a need for preventive diplomacy, particularly the strengthening of its peacekeeping role, but will not discuss the U.S.

proposal to expand the Security Council to include Japan and Germany, because, a senior official said, "the subject is too contentious."

In a gesture to Japan, the group has not agreed on language committing its members to an indefinite extension of the treaty on preventing a spread of nuclear weapons.

The Japanese argued that in light of their political problems and concern about North Korea's possible nuclear weapons program, they could not commit Japan to an indefinite extension of the treaty.

The group is expected to agree on slightly vaguer language that refers generally to what it calls the importance of the indefinite extension of the treaty.

"The problem is that we have to do this next week and without a government in Japan the acting government is not able to make a commitment even though the powers that be in Japan are all in favor of it," an official said.

"Certainly North Korea is a complicating factor and there are people in Japan

who believe Japan shouldn't force for all time their ability to develop nuclear weapons."

The political declaration will call for Iraq and Libya to adhere to the Security Council resolutions, urge Iran to sign the nonproliferation treaty to halt a spread of nuclear weapons, and, finally, express support for reform in Russia.

Mr. Clinton is also considering whether to use one of the blanks to call for a meeting of the Group of Seven Asia Pacific Economic Cooperation group in Seattle in November to promote economic cooperation and trade.

The foreign ministers are scheduled to meet, but Mr. Clinton may try to elevate that session to a meeting of heads of state.

"The idea is to get around other governments before a decision is made," an official said.

U.S. Offers Ideas to the Palestinians

WASHINGTON (Reuters) — The United States offered a draft document to Palestinians on Wednesday aimed at moving the Middle East peace talks forward, and was poised to offer the same document to the Israelis, sources in both delegations said.

The Palestinian negotiator Hasan Ashrawi said the U.S. document was part of an "exchange of views and ideas, some of them verbal and some of them written." Others on the Palestinian team said they would take the document to Palestinian leaders in Tunis for discussion.

"The American ideas are still under careful study," said Haider Abdel-Shafi, the chief Palestinian delegate in talks with Israel. He said they would study it "carefully and we will see if it's going to push the peace process forward."

Police Cordon for London's City

LONDON (Reuters) — The police are to throw a security cordon around the City of London to try to protect the financial heartland from guerrilla attacks, officials said Wednesday.

Experimental checkpoints will go up over the weekend on six main routes into the "Square Mile," the most concentrated financial center in Europe. All other roads in the area will be closed to traffic.

The City's vulnerability after two major bombings by the Irish Republican Army has sparked concern that its status as a world financial center might be in danger. Authorities have said most of the City's 400 institutions, banks and finance houses favor tightening security and possibly banning nonessential vehicles from the area.

Demjanjuk Case Flawed, Judge Rules

CINCINNATI (AP) — A federal judge ruled Wednesday that the U.S. government withheld evidence and hindered the defense of John Demjanjuk, a convicted Nazi war criminal who has been sentenced to death in Israel.

U.S. District Judge Thomas A. Wiseman Jr. concluded that the government defrauded the federal courts as they examined whether Mr. Demjanjuk should be stripped of his U.S. citizenship and deported to Israel. Mr. Demjanjuk, who maintains he is a victim of mistaken identity, is appealing his death sentence to the Israeli Supreme Court. In Jerusalem, a Justice Ministry official said Judge Wiseman's ruling had no bearing on Mr. Demjanjuk's case in Israel.

Despite his conclusions, Judge Wiseman recommended that the 6th U.S. Circuit Court of Appeals close the case and take no action against any of the government attorneys who prosecuted Mr. Demjanjuk. Mr. Demjanjuk was extradited in 1986 to Israel, where he has been sentenced to death as "Ivan the Terrible," a guard who executed Jews at the Treblinka camp in Poland.

More U.S. Bases to Close in Germany

FRANKFURT (AP) — German officials announced on Wednesday the planned closing of U.S. military bases, including the Bitburg Air Base near the Belgian border and U.S. Army bases in Bavaria.

The interior minister of Rhineland-Palatinate state, Walter Zuber, said he had been notified by U.S. officials that most of Bitburg Air Base in the Eifel mountain region was going to be returned to the Germans.

In Bavaria, Premier Edmund Stoiber said that the U.S. secretary of defense, Les Aspin, had announced American base closures there. Of about 32,000 U.S. troops still based in Bavaria, 6,500 will be pulled out. The premier said Ferris Barracks at Erlangen; a training area near the town of Tennenlohe; the family housing area at Schwabmünchen; and the training area and five other facilities at Wildflecken are to be closed.

Control of Punjab Remains in Doubt

ISLAMABAD, Pakistan (AP) — Control of Pakistan's wealthiest and most populous province remained in question Wednesday after the prime minister ordered troops into the Punjab capital only to have them withdrawn later.

Prime Minister Nawaz Sharif, with the support of the National Assembly, declared emergency rule over Punjab Province on Tuesday. Shortly after midnight, Mr. Sharif ordered paramilitary troops into the provincial capital, Lahore, but they were later withdrawn. There was no immediate word on why or by whom.

But President Ghulam Ishaq Khan said that he had not received the emergency rule proclamation for his required signature, and it was not certain that he would approve it. President Ishaq Khan and Prime Minister Sharif have been locked in a power struggle for months.

Correction

A headline in Saturday's financial pages incompletely described the institution whose managing director was dismissed by the Finance Ministry of India. It was the State Bank of India.

Agent Who Toppled Brandt Expresses Pride in His Work

By Craig R. Whitney
New York Times Service

DUSSELDORF, Germany — The Communist spy whose discovery brought down former Chancellor Willy Brandt in 1974 and the spy master who sent him to Bonn met again Wednesday in the underground courtroom where the spy master, General Markus Wolf, is on trial for treason against the country whose government the late chancellor headed.

"As contradictory as it may seem," the 66-year-old Günter Guillaume told the five-judge court, "the two men I was happiest to serve were Willy Brandt and Markus Wolf."

Looking like some weary retired civil servant, Mr. Guillaume, an East German agent who successfully worked his way onto Mr. Brandt's staff in 1972, told the court how Mr. Wolf had summoned him to Berlin in 1964 or early 1965 to discuss a plan for working his way to the top in Bonn.

His pride in outwitting Mr. Brandt's security staff during a vacation in Norway with the chancellor in 1973 was as much in evidence as the ineptness of the Brandt government's security procedures.

Mr. Guillaume said that he was able to slip off to Sweden with an entire briefcase full of secret documents, which an accomplice copied and took to East Berlin. The trove included letters from then-President Richard Nixon on differences with the allies over NATO nuclear strategy against the Soviet Union and its allies that Mr. Guillaume said "could make the difference between war and peace."

Mr. Wolf, looking fit and younger than his 70 years, smiled often but sat silently during his one-time protégé's three hours of testimony and shook hands with him afterwards. Mr. Guillaume served eight years in prison for espionage after a trial in this same courtroom.

"I do not dispute the fact that I headed my country's intelligence service, nor that I met with the agents who

worked for it, which are the main charges against me," Mr. Wolf said outside the courtroom. "This trial could have been gotten over with in two days."

But because East Germany was absorbed by the Federal Republic of Germany in 1990 after communism collapsed, he was charged with treason in proceedings that opened in early May and are expected to last until at least October.

Ordered by his superiors to infiltrate into West Germany in 1956, Mr. Guillaume and his wife, Christel, succeeded beyond their or their superiors' wildest dreams. After he joined the Social Democratic Party, also on orders, Mr. Guillaume found himself, to his own surprise, elected to local party office in Frankfurt in 1964.

At the meeting in Berlin later that year or early the next, he told the court, Mr. Wolf told him that the Social Democrats had a good chance of becoming part of the government in Bonn. Mr. Guillaume, he said, should make himself the protégé of someone he thought had a chance of becoming a cabinet minister when they did. His choice fell on Georg Leber, who moved to Bonn when the Social Democrats joined the government in 1966.

After Willy Brandt became the first postwar Social Democratic chancellor in 1969, Mr. Leber became defense minister, and recommended Mr. Guillaume to Mr. Brandt as a personal assistant in 1972.

"A master stroke," as the former spy described it in court.

When he saw the letter from Mr. Nixon, and other secret NATO documents during the chancellor's vacation in Norway in July of 1973, Mr. Guillaume said, he knew he had hit paydirt and that he had to get it to East Berlin right away.

"I had no Minox camera, and I thought briefly of just flying to Berlin myself with it," he said. "Instead, I pulled the trick with the briefcases and had a courier come to Sweden to do the job for me."

Bosnians aged 17 to 20 years training off to a war exercise in the mountains above Zemica, Bosnia.



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3 German Attacks Aimed at Turks

BERLIN — The police reported three pre-dawn arson attacks against Turks in Germany on Wednesday with at least one of them suspected to be an anti-foreigner assault. Two people were injured.

Bavarian police said casualties could have been much worse if rescue workers had not been having a party near the building attacked in the town of Erbendorf, which enabled them to rouse the sleeping residents and evacuate them in minutes.

On Monday, a Moroccan woman narrowly escaped death from smoke inhalation when she was rescued after a deliberately set fire at her home in Mochinglach, in Western Germany, and it is clear that Germany is being spared more deaths in anti-foreigner attacks only by luck and fast rescue work.

A Turkish family living in the building that was firebombed in Erbendorf had received telephoned threats after the arson on May 29 that killed five Turkish women and girls in Solingen, the police said.

Since the beginning of 1992, 26 people have died in neo-Nazi violence directed at refugees, foreign residents and German homeless or leftists. On Thursday, a new law goes into effect to make it more difficult for foreigners to claim asylum in Germany. The law was adopted partly to try to reduce violence against foreigners, but attacks have continued.

U.S. Asks UN Council Seats For Germany and Japan

UNITED NATIONS, New York — The United States expressed the view Wednesday that Britain and France should retain their seats on the Security Council, but it again insisted that Germany and Japan should become permanent members of the UN's most powerful organ.

In a statement released by the U.S. Mission, the United States elaborated on ideas presented by Madeleine K. Albright, the chief U.S. delegate, earlier in the month to include Japan and Germany on the Security Council.

Signs of relief were almost audible when the U.S. statement said that "permanent members of the Council" — Britain, China, France, Russia and the United

States — should keep their seats and powers, including the veto.

The U.S. statement urged "permanent membership" for Germany and Japan but did not mention veto power for them, suggesting they would not have the ability to kill resolutions with a single vote.

The statement made clear that "permanent membership entails assuming an active role in global peace and security activities."

That is a not-so-subtle hint to Germany and Japan that their post-World War II constitutions, which many read as barring them from sending troops abroad, may need amendment to allow more active peacekeeping roles.

Among others vying for permanent Council seats are Brazil, India, Indonesia and Nigeria.

U.S. Loses Bosnia Arms Vote

UNITED NATIONS, New York — The Security Council has defeated a resolution, supported only by the United States and five Nonaligned countries, that would have lifted the arms embargo against the Muslim-dominated Bosnian government.

Britain, France, and Russia abstained in a successful effort to defeat the measure.

Only six countries voted in favor of the resolution, while all nine other countries on the council abstained. In order to pass the resolution needed eight votes in favor.

The resolution had been expected to go down in defeat, but it was pressed by the Nonaligned members in part to give them and the Muslim countries an occasion to rebuke the major powers for their failure to take stronger measures to prevent Serbian aggression against the Bosnian Muslims and to issue public pleas for them to enable the Bosnians to defend themselves.

The United States and its European allies have for months disagreed on the matter of lifting the embargo against the Bosnian Mus-

lims. Still, the votes on Tuesday created a highly unusual situation in which the Americans found themselves at odds with their closest allies and supportive of the positions taken by such customary rivals as Iran and Libya, both of which spoke in favor of lifting the ban.

"That's not the normal way business is done around here," an American official said. "It's a new world order in the Security Council."

In the last few days, diplomats here said, the British and French campaigned actively against the lifting of the embargo. Some diplomats from Nonaligned countries privately expressed annoyance that the United States, while voting in favor of the resolution, did not actively seek the support of other council members.

In many ways, the debate played out in a large public forum the more private discussions that have been held in world capitals in the past few months.

One by one, the smaller countries argued that the Security Council's many resolutions on Bosnia have been little more than a

smokescreen for a more general unwillingness to take real action to help the Bosnian Muslims. Under those circumstances, they argued on Tuesday, the least the council can do is provide the Bosnian Muslims the means to defend themselves.

"The uncertain action of the council emboldened the Serbs to intensify their aggression," said James H. D. A. Marker, the representative of Pakistan.

On the other side, Britain, France, and Russia contended, as they have for months, that a lifting of the embargo would increase the havoc in Bosnia, and worsen the suffering of civilians there, without having much of an effect on the outcome of the war.

Lifting the arms embargo now, they said, could be fatal to the prospects of the negotiations among the three groups in Bosnia now taking place in Geneva.

"Above all," said the British delegate, David Hannay, "the adoption of this resolution would leave the impression that the United Nations was abandoning Bosnia-Herzegovina and leaving its people to fight it out to the end."

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UN to Reduce Bosnian Food Rations

SARAJEVO, Bosnia-Herzegovina — The United Nations' main refugee-relief agency will halve food rations to more than 1.5 million people for the next 10 weeks due to a lack of donations and security problems, a UN spokesman, Peter Kessler, said here Wednesday.

Mr. Kessler said the political leaders of the Bosnian Serbs and Croats fighting to dismember the state have demanded money to allow United Nations convoys to pass through territory they hold.

Bosnian officials condemned the aid reduction as part of a concerted effort to pressure Sarajevo to accept a Serbian and Croatian plan that would partition the country and crowd its largest ethnic group, the Muslims, into a landlocked, postage-stamp-sized country with dreary economic prospects.

The Sarajevo government vehemently opposes the partition plan, arguing that it will lead to Bosnia's complete disintegration, provoke more forced transfers of minority group members from the "ethnically pure" republics and reward Serbian and Croatian aggression against an internationally recognized independent state.

The aid cut comes at a time when Serbian and Croatian militias have mounted joint military operations against the ethnically mixed but predominantly Muslim Bosnian army and blocked the progress of aid convoys and effectively shut off utilities to government-controlled swaths of the country.

"The reduction in humanitarian aid is part of the pressure on Bosnia and Herzegovina," said Sulejman Sulic, the second-ranking official in the government's Foreign Ministry. "The energy problems, the convoys, it's all a part of the pressure."

"In March, when the United Nations wanted us to sign the Vance-Owen plan, they called and said there was no aid," he said, referring to a UN peace plan for Bosnia that the Bosnian government and Croats signed, the Serbs rejected and the UN negotiators who drew it up abandoned.

"Now it is obvious that partition of Bosnia and Herzegovina is in the cards a long time ago," said Haris Silajdzic, Bosnia's foreign minister.

"Boban and Karadzic hold the identical world view that people should be divided into ethnically pure territories," he said, referring to the Bosnian Croats and Serbian leaders, Mate Boban and Radovan Karadzic.

"They see no obstacles," he said. "They can see clearly that the international community is opposed to ethnic cleansing and the so-called humane transfer of populations only in a declarative way."

Despite the Baghdad Raid, Clinton Lags in a Rating

WASHINGTON — President Bill Clinton's popularity continues to languish, according to a new Washington Post-ABC News poll, suggesting that concern about his stewardship of the economy, not bombs over Baghdad or budget votes, is the yardstick by which Americans are measuring the new president.

Public disapproval of Mr. Clinton's performance reached a new high, with half of those interviewed critical of his leadership.

Last weekend's attack on Iraqi intelligence headquarters did appear to provide a modest lift to the president. Among the half of those interviewed before the bombing, 41 percent approved of the job Mr. Clinton was doing, compared with 46 percent after the strike.

But while his approval rating increased, the percentage of those disapproving of Mr. Clinton remained virtually unchanged before and after the bombing.

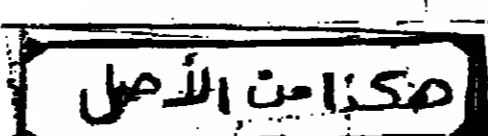
A total of 1,514 randomly selected adults were interviewed from Friday to Monday for this Post-ABC News survey. The margin of sampling error for the overall results is plus or minus 3 percentage points.

The president, asked about a CBS-New York Times survey that showed his approval rating spiking up 11 points, to 50 percent, after the Baghdad strike attributed the increase to a better public understanding of his economic program.

Still, faith in Mr. Clinton's economic leadership is dwindling. In the new poll, 57 percent of those interviewed said they disapproved of the way Mr. Clinton was handling the economy. Just 38 percent said they approved, a new low for this administration and a 13-point drop in approval in two months.

A WEEK IN THE LIFE OF THE TRIB

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STATESIDE / TRANS-ATLANTIC DIFFERENCES

U.S. Envoy to Paris Urges End to 'Delaying Tactics' on Trade

By Joseph Fitchett
International Herald Tribune

PARIS — Finding Europe mired in what she called "deep pessimism and worry," Pamela Harriman, the new U.S. ambassador to France, said Wednesday that European governments should move faster in turning away from business-as-usual attitudes and should face up more boldly to radically new political and economic conditions.

The Clinton administration is prepared to meet these problems head-on and wants other governments "to stop delaying tactics" in tackling the challenges of forging new terms for cooperation on security and trade, Mrs. Harriman said in an interview on the day she presented her diplomatic credentials.

Asked about signs of resurgent anti-Americanism in France, she traced it to concern among the French about "their own economy," indicating that she hoped stronger leadership in Paris would head off the trend.

"It's an old trick to blame the biggest kid on the block," she said. But she added that she did not believe

it was going to barden into a systematic political tactic of scapegoating U.S. economic strength.

Mrs. Harriman, 73, worked in Paris in the postwar years marked by hopes for U.S.-aided French recovery but also by fears about U.S. influence that surface periodically in France.

With the European Community's grand designs showing signs of increasing strain in recent months, French leaders have started singing out the United States as a leading cause of France's problems, ranging from agriculture to movie production, from currency stability to Western powerlessness in Bosnia.

This has broader implications, because in many ways "France is taking the lead for Europe" in shaping relations with the United States these days, Mrs. Harriman said, while Germany wrestles with domestic difficulties.

While hopeful that French officials' tough-sounding bark on trade will prove worse than their negotiating bite, Mrs. Harriman clearly sees herself serving as more than a messenger between governments.

Familiar with the political proclivities of both Washington and Paris, she intends to "facilitate access

for important French people to important people in Washington, including some of my friends in Congress."

Underestimating the diffusion of power among different government branches, she said, is the gravest misconception in most foreign leaders' thinking about U.S. politics. Even though President Bill Clinton has a majority of his own party in control of Congress, increasingly intense economic competition has created fresh difficulties for White House leadership.

Varieties of this national feeling of fragility, marked by less openness to the outside world, are affecting all the industrial countries, according to Mrs. Harriman, who said that the United States was adjusting faster than most to radical new economic uncertainties.

Mrs. Clinton, she said, had asked Americans to make sacrifices to rebuild the economy as a contribution to global prosperity. At the same time, Americans' generally optimistic temperament encourages greater social risk-taking, she said.

This trans-Atlantic difference is deeply felt by Mrs. Harriman, who frequently offers a shorthand charac-

terization of herself as "European by birth, American by choice."

The widow of W. Averell Harriman, the financier and statesman, the British-born Mrs. Harriman was a political boss and power broker in Washington and played a key role in reshaping the Democratic Party to conquer the White House.

In the process, she became a friend and backer of the Clintons, starting at the low point in their political fortunes when he lost and then recaptured the Arkansas governorship.

As Mr. Clinton heads for his first international summit meeting next month, Mrs. Harriman predicted that other leaders would be surprised by his intellectual grasp of their countries and the boldness of his approach to tackling world issues and not just U.S. domestic problems.

He will be strongly positioned in negotiations with leaders of Europe and Japan, she said, partly because the United States is paramount in the world outlook, and partly because "he is the only one who is sure to be there in three years" without any electoral fears for his job.

★ POLITICAL NOTES ★

Clinton Trim Didn't Delay Flights, U.S. Says

NEW YORK — President Bill Clinton's haircut on Air Force One at Los Angeles International Airport caused no significant delays of regularly scheduled passenger flights, according to federal records.

The Federal Aviation Administration records show that an unscheduled air taxi flight had the only delay attributed to the closure of two runways for an hour in anticipation of the departure of the president's plane on May 18. The delay was 17 minutes.

The president had apologized for any inconvenience caused by the haircut by the Beverly Hills stylist Cristophe amid reports that planes were kept circling and flights were delayed because runways were tied up.

"If you understand the air traffic system, you'd find that statement ridiculous," said Fred O'Donnell, a spokesman at the agency's Western-Pacific regional office.

But an air traffic controller said the runway closings did create extra work in the control centers. "If you close two runways, you take away 50 percent of the capacity and increase the complexity by 100 percent," said Karl Grundmann, regional vice president for the union. (AP)

Clinton Picks Classmate for Communications

WASHINGTON — President Clinton has nominated Reed Hundt, a Washington lawyer and a law school classmate, to head the Federal Communications Commission.

Mr. Hundt, 45, will succeed Alfred Sikes, a Republican who resigned when Mr. Clinton took office. The acting chairman of the five-member commission, which has two vacancies, is James A. Quello.

The nominee's prime promoter in the White House has been Vice President Al Gore, who attended prep school in Washington with Mr. Hundt and has relied on him for economic advice since 1984. Mr. Hundt, who is primarily an anti-trust litigator, also served as a member of Mr. Clinton's transition team on economic matters. He has most recently been a partner in the Washington law firm of Latham & Watkins. (NYT)

Conferees Pressured for More Taxes on Rich

WASHINGTON — A broad spectrum of House Democrats are urging that House and Senate negotiators eliminate all traces of an energy tax from President Clinton's deficit-reduction package and make up the revenue loss with additional taxes on corporations and wealthy Americans.

The Democrats — ranging from liberals such as the Budget Committee chairman, Martin O. Sabo of Minnesota, and David Obey of Wisconsin, to conservatives including Charles Stenholm of Texas and Timothy J. Penny of Minnesota — view the energy tax issue as the most politically divisive issue standing in the way of compromise.

Many also doubt there is a politically acceptable middle ground between the House-passed version, containing Mr. Clinton's original broad-based energy tax known as the "But tax," and the Senate version, which contains a much narrower tax on gasoline and other transportation fuels.

"This is not an energy issue. It's an issue of how you put this legislation to bed," Mr. Obey said. "We don't want to see an endless Ping-Pong match between the Senate and House over energy taxes."

Mr. Sabo, who helped steer the president's budget package through the House a month ago, said he was troubled that the Senate gutted Mr. Clinton's energy tax, which Mr. Sabo contends was more equitable than a gasoline tax and bore "some relationship to an energy conservation policy."

Mr. Sabo and others will encounter stiff resistance from the Ways and Means Committee chairman, Dan Rostenkowski, Democrat of Illinois, who strongly opposes raising the corporate tax rate any higher than the 1 percentage point increase contained in the House and Senate-passed bills. (WPT)

FBI Director May Resign Within the Week

WASHINGTON — The FBI director, William S. Sessions, under fire since January for alleged ethics violations, may resign this week but not leave his job immediately, according to those familiar with talks aimed at resolving the matter.

"They have been talking, and I don't want to characterize any of those discussions, but the process is moving toward resolution," one source close to Mr. Sessions said. "It could be this week."

Meanwhile, a federal law enforcement official said Wednesday that Mr. Sessions met with Attorney General Janet Reno for a third time to discuss his future. The official, who spoke on condition of anonymity, said he could not say what was discussed, and Ms. Reno declined to confirm that the meeting occurred.

The uproar over Mr. Sessions began in January when the Justice Department's Office of Professional Responsibility accused him of ethical lapses.

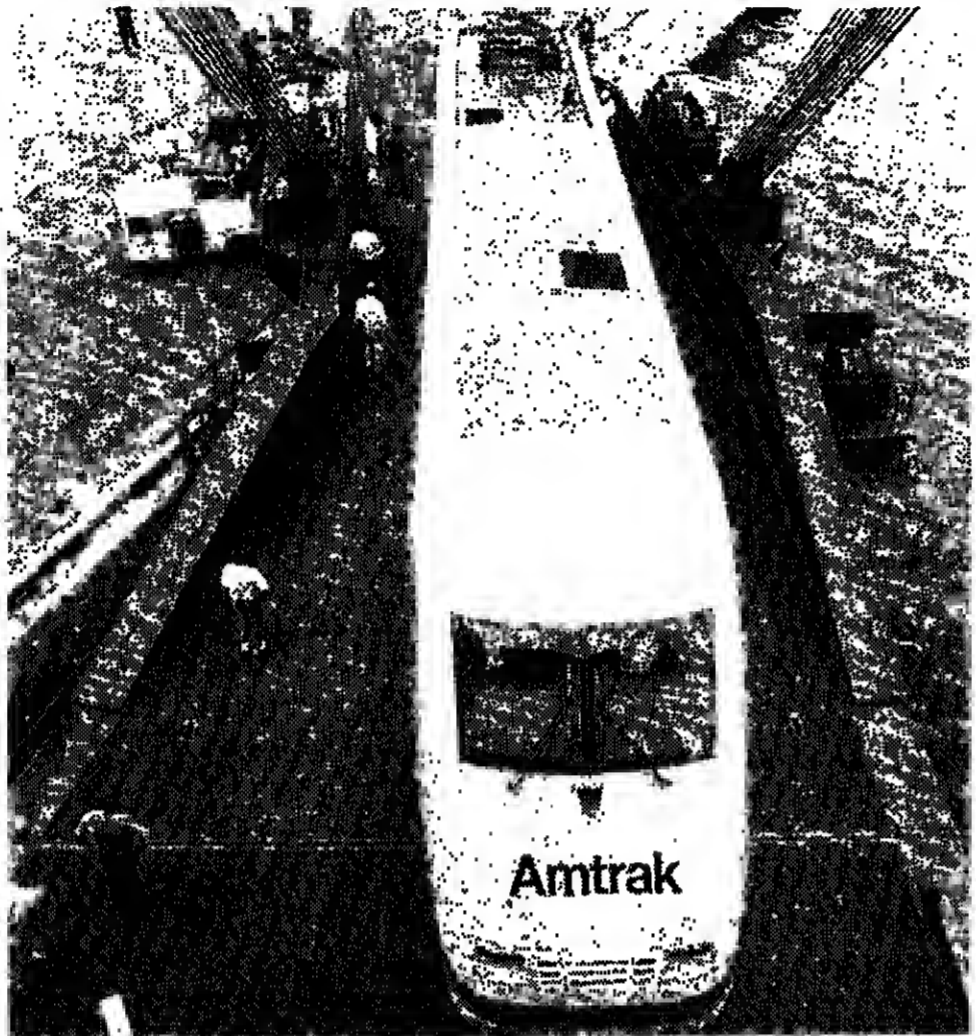
Even if Mr. Sessions does resign now, some 4½ years before his 10-year term expires, "there could be a resolution in which he would not clean out his office and leave right away," the source said. (AP)

Quote/Unquote

President Clinton, in a speech urging that every business and worker in America contribute toward the cost of buying medical insurance: "Everybody's bills will be lower over the long run if everyone makes a fair contribution." (LAT)

Away From Politics

- NASA delayed the return of the space shuttle Endeavour for another day because of clouds over the landing site in Cape Canaveral, Florida. The National Aeronautics and Space Administration said, however, that if bad weather persisted in Florida, the shuttle could land at Edwards Air Force Base in California.
- About 25,000 cases of 14 brands of soda were pulled from store shelves in Massachusetts and Rhode Island after three people complained of finding thread-like pieces of plastic in bottles. The problem was traced to a machine that puts caps on bottles at a plant in Needham Heights, Massachusetts, according to Coca-Cola Enterprises Northeast. It said there was no danger to health.
- A German responsible for diverting a London-bound plane by suggesting there might be a bomb on board is heading home after paying a \$1,000 fine. Clemens Markus Rudolph, 37, of Mainz, was originally charged with a felony punishable by up to 20 years in prison. But a judge found him to be
- liable only of conveying false information. He was arrested after a British Airways flight from New York landed at Bangor, Maine.
- A 17-year-old was sentenced to life in prison for the carjacking death in Elkton City, Maryland, that prompted Congress and many states to pass laws against violent auto theft. Bernard Miller was found guilty of murder and robbery in the killing of Pam Basu, who was forced from her car at a stop sign and dragged more than 1.5 miles.
- An 18-year-old Marine suspected of killing a Japanese man for allegedly making sexual advances will be turned over to prosecutors for trial as an adult. A Japanese family court ruled in Okinawa. Private First Class Christopher A. Gladden is accused of killing Seiyu Yokota, 33. Under Japanese law he is a minor until he turns 20.
- One month after he abandoned his mayoral campaign, the president of the New York City Council, Andrew J. Stein, just as abruptly withdrew as a candidate for re-election to his job. "I'm getting out of politics," he said,



SLOW START FOR FAST TRAIN — The engine of a German high-speed train that will power Amtrak's New York-Washington run being unloaded at Baltimore's docks. It is to undergo tests.

Networks Adopt Violence Ratings But Advocates Call Them Too Tame

By Edmund L. Andrews
New York Times Service

WASHINGTON — Hoping to stave off a federally imposed system of ratings for violence on television, the big four U.S. broadcast networks have agreed to provide a warning to parents that would be put on the air just before shows laden with mayhem come on.

The warning would also be made available to newspapers and magazines that publish television listings, allowing them to establish what would amount to a special coding for violent shows.

The agreement, announced by top officials of ABC, CBS, NBC and Fox in Washington on Wednesday, could take effect for the next programming season. It comes amid a growing outcry in

Congress about the depiction of violence in entertainment programming and its possible harmful effects on some viewers.

Supporters of stricter regulation cautioned that the agreement may be too tame to have any real impact.

"It's a start, but it's a tepid start," said William S. Abbott, president of the Foundation to Improve Television, a Boston-based organization that has been pressing lawmakers and regulators for stricter rules on television violence.

The agreement reflects a compromise between key lawmakers and the television networks. The announcement comes just one day before top television officials were scheduled to testify in the House on legislation that would combine a rating system with new technology to let parents block out violent shows.

"This is the first time they've agreed to do anything more than voluntary codes" on program standards, he said. "The problem is that it leaves out the millions of children who watch television unsupervised, and that's just a fact of life when so many families have two parents working."

Supreme Court Demonstrates A New Conservative Activism

By Joan Biskupic
Washington Post Service

WASHINGTON — Until a few days ago, the 1992-93 Supreme Court term was chalked up as a sleepy session, dominated by unanimous and near-unanimous rulings that made incremental changes, if any, in the law.

But a conservative activism that had defined the Rehnquist Court in earlier years broke out in a final flurry of dramatic opinions.

In a handful of decisions, a majority showed its desire to narrow civil rights law, a disdain for racial categorization and an ability to overrule a liberal precedent, no matter how recent.

In a bitterly divided opinion, the justices made it harder for workers trying to prove job bias based on race, sex or religion to make their case. The 5-to-4 ruling, which pleased business and fired up rights activists, recalled the 1988-89 term when a majority rewrote longstanding interpretations of laws barring job discrimination and Congress stepped in to reverse the effects of the rulings.

On Monday, the last day of the term, the same five-justice majority split from prior cases and ruled for the first time that white voters may challenge the constitutionality of strangely configured voting districts. The districts at issue were designed by state lawmakers, under federal voting rights law, to increase black and Hispanic representation in Congress.

At the heart of that decision, by Justice Sandra Day O'Connor, was a conservative abhorrence of race-conscious classification and resistance to extraordinary government action to protect voter rights.

All told, the session showed that this court, despite sporadic moderate rulings, was still conservative. And it is not likely to change significantly with the expected addition of Justice-designate Ruth Bader Ginsburg, a centrist.

The term demonstrated the benefit for Chief Justice William H. Rehnquist in having a total of five

appointees by the Republican president Ronald Reagan and George Bush to draw on for a majority. When David H. Souter, Mr. Bush's 1990 nominee, broke from conservatives — as he did on a number of close controversies — Chief Justice Rehnquist could count on the others for a majority.

As an illustration of the conservative dominance this year, Justice Souter, a bellwether of the middle, was on the losing side of most of the 5-to-4 rulings. Last term, he was in the majority in all but one of 14 one-vote decisions.

The retiring Justice Byron R. White, who has been a close ally of Chief Justice Rehnquist over the years, dissented from the chief in a number of key opinions, notably on the validity of bizarrely drawn black-majority voting districts and what kind of evidence a fired worker needs to prove discrimination.

Replacing him with President Bill Clinton's nominee, Mrs. Ginsburg, would not have changed the outcome of those close cases. Her approach to the law appears somewhat like Justice Souter's, tempered and avoiding extremes.

One fractious area in which she could make a difference is religion. Justice White was a fifth vote to permit, for the first time, a public employee to participate directly in religious education. The case involved a Catholic high school student who was deaf and needed a publicly financed interpreter. Mrs. Ginsburg's opinions from her 13 years on the U.S. Court of Appeals suggest that she would prefer greater emphasis on Article I of the Bill of Rights.

Judicial conservatism generally means that the courts will not decide issues that are the domain of legislators. But it also connotes a tendency to side with a governmental interest over individual rights, as well as a social conservatism.

Since the 1988-89 term, the first full term with Mr. Reagan's third and final appointee, Anthony M. Kennedy, conservative activism has also emerged as the court has reached out more assertively toward politically conservative goals.

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Published With The New York Times and The Washington Post

Make the Baghdad Case

The Clinton administration claims to have "compelling" circumstantial evidence that Baghdad authorized the failed assassination attempt on George Bush last April. But the evidence it has produced after three days seems too thin to justify the cruise missile attack on Iraq's intelligence headquarters last weekend. Surely the administration does not intend to usher in an age when nations feel free to fire weapons at each other's cities based on unilateral assertions that intelligence evidence justifies it.

President Bill Clinton said after the attack that he had acted because of intelligence evidence that Iraq was behind the assassination attempt. The next day the United States presented its circumstantial case to the United Nations; bomb materials seized were like those used by Iraqi intelligence in the past, and the captured conspirators believed they had been working for Iraqi intelligence. On Tuesday, Mr. Clinton said the evidence "clearly indicated" Iraq's responsibility. But nothing new had been presented.

Granted, the administration may well be right about Iraq's culpability. Given the personalized nature of the Iraqi regime, the administration reasonably deduced that the operation was likely authorized by Saddam Hussein, against whom it was strictly enjoined by U.S. law from retaliating. So instead it targeted the Baghdad headquarters of the Iraqi intelligence service, which it plausibly hypothesized must have been involved.

Isn't this justification enough for Sunday's measured use of U.S. military force, disabling the headquarters at a cost of eight civilian lives (respectively since Article 51 of the UN Charter acknowledges an emergency right of unilateral self-defense against armed attack

when time does not permit waiting for the Security Council to act)? Unfortunately, no. With 14 suspects on trial in Kuwait and with Iraq already under Security Council sanctions, Mr. Clinton might usefully have considered a less reflexively military course.

The president's challenge was threefold: to defend American sovereignty against targeting a former president for his official deeds in office, to deter future acts of international terrorism against American citizens and to uphold the requirements of U.S. and international law. So far as we now know, there was no need to strike Iraq before a more compelling case had been developed. Why couldn't Washington have waited for the conclusion of the Kuwait trials, which might have presented persuasive evidence to a watching world, and then brought its case to the United Nations? That would have allowed broader assessment of the evidence. And to do so would not have prejudiced Washington's right to act unilaterally if the Security Council failed to respond effectively.

As for practical results, there is no reason to think a missile attack on Baghdad will have much deterrent effect on the fundamentalist mullahs of Tehran, Khartoum, Sudan or Jersey City, New Jersey. Neither the many missiles of the Gulf War nor the 1986 bombing of Libya did much to shut down the Libya-linked bombers of Pan Am Flight 103 or the circle around Sheikh Omar Abdel Rahman.

Administration officials have told both The New York Times and the Los Angeles Times that the judgment of Iraq's guilt was based on circumstantial evidence and analysis rather than ironclad intelligence. Mr. Clinton's goals of democratic deliberation and multilateral action were poorly served by this fit-for-tat strike.

—THE NEW YORK TIMES.

Chaos in Azerbaijan

The worst that could happen in the old Soviet empire is that Russian nationalists would conspire to restore the old order. Second worst is what is conceivably happening in Azerbaijan. The democratically elected president is on the run, under political pressure from an old discredited Communist and under military pressure from a young discredited adventurer. As for the Russians, something uncertain but distinctly unhelpful, though perhaps more a matter of negligence than of conspiracy, is going on. The bottle against the elected president has been corked with Russian arms.

The unraveling is alarming both for its effect on Azerbaijan and as a precedent for other parts of the former Soviet Union.

The crisis arises from Azerbaijan's struggle against a secessionist campaign opened up by ethnic Armenians in Azerbaijan's Nagorno-Karabakh enclave. In that bitter war, the president, a former discredited nationalist, floundered; finally he fled Baku. The old Communist Party and KGB boss Geidar Aliyev moved in as acting leader. But a warlord, Surat Huseynov, who had equipped a personal army (partly from weapons somehow left behind by departing Russian Army

units) to fight in Karabakh turned that army into an instrument of his own ambition. First he took on the president, and now, with Mr. Aliyev's backing, he has named prime minister. Cascading domestic as well as foreign frustrations seem to have made peaceful democratic development less appealing to many citizens of Azerbaijan at the moment than the promise of strong leadership.

The transition from an authoritarian past has been particularly rocky in the old Soviet Muslim and Caucasus republics, Azerbaijan, which fits under both labels. It has a considerable potential in its oil riches and its notable secularism, but these resources have yet to be tapped by wise leadership. Before the latest interruption caused by the power struggle in Baku, European and American diplomats were laboring to bring Azerbaijan and Armenia—as well as the Armenians of Karabakh—to the negotiating table. This effort remains vital. But so is restoration of leaders legitimated by democratic choice. The government of Boris Yeltsin is under its own difficult but unavoidable obligation to see that no elements of the Russian Army contribute to the chaos.

—THE WASHINGTON POST.

Voting Rights Imperiled

Justice Sandra Day O'Connor is leading her colleagues—and America—toward Jurassic Park jurisprudence. The dinosaur of segregated politics has been buried for less than three decades in the South. Now with her disingenuous attack on the Voting Rights Act in a North Carolina case, Justice O'Connor proposes to clone that dinosaur into a monster that could gobble up America's hard-won progress toward higher majority membership in Congress, legislatures and local governments.

The case's immediate object is two goofily shaped districts with bare black majorities. Due to these majorities, North Carolina's 12-person House delegation has two black members—the first of their race elected from North Carolina since Reconstruction. Previous Supreme Courts would have scoffed at the claim that this minuscule black representation amounted to discrimination against whites.

But Justice O'Connor's opinion sends a different message. The right wing has longed for the day when the highest court would allow a full-scale assault on the Voting Rights Act. By enlisting four other justices in her attempt to stand that act, the 14th Amendment and the history of Reconstruction on their heads, Justice O'Connor is saying that day is at hand.

Her opinion wraps the legal assault on the Voting Rights Act in noble language, proclaiming "the goal of a political system in which race no longer matters." Thus, she steps over the fact that America has a political history—and a body of franchise law—in which race has always mattered. Only willful disregard of that history would allow a majority opinion that says the equal protection clause of the 14th Amendment—passed to extend political rights to blacks—must be read to protect a white majority with no history of discrimination. The majority opinion argues frankly against color-conscious remedial action to correct past discrimination. Yet Congress voted in 1965 for exactly that kind of remediation.

To his credit, Justice David Souter, a conservative, answered these fallacies in a sentence. "One need look no further than the Voting

Rights Act to understand this may be required," he said of race-conscious remedies. Justice Souter is right in saying that Justice O'Connor invites the court to renege on two decades of sound law. He corrects her by pointing out that the Voting Rights Act not only allows race-conscious districting; it requires the Justice Department to see to it that "legislators will have to take race into account in order to avoid dilution of minority voting strength."

For Justice O'Connor to argue that this law is creating "an uncomfortable resemblance to political apartheid" veers into the surreal. What a sad day it is when a justice who grew up in the party of Lincoln should argue that constitutional and statutory language designed to protect blacks and enrich democracy must be construed to punish them, sustain all-white politics and retard a region and a state legislature that has tried hard to reform its politics.

Setting on the old shape of one Carolina congressional district and misreading its plain purpose, the court hurled epithets like "racial gerrymander" and race classifications "odious to a free people" at the legislature's plan to comply with the Voting Rights Act. The line drawing produced a strangely shaped district 160 miles (260 kilometers) long and in places only an Interstate highway wide. The district injured no legitimate voting-rights interests of the white majority, as the four dissenting justices pointed out. Connecting the towns and hamlets along I-85 was not the only way to give voice to rural, scattered African-Americans, but neither was it irrational. With her gift for reversing cause and effect, Justice O'Connor saw this as "an effort to segregate the races for purposes of voting."

This case is not really about North Carolina. It is about the vitality of a crucial body of law. The civil rights community should bring all its leverage to bear against an extremely dangerous decision.

Justice O'Connor has opened a door for some crafty lawyer of opposite mind to derail a quarter century of voting-rights progress.

—THE NEW YORK TIMES.

The World Can't Always Wait for the UN

By Brian Beedham

LONDON—The only serious objection to the Tomahawking of Saddam Hussein's intelligence headquarters is the one which says that America should first have asked the United Nations for permission to strike.

The objectors' other claims are manifestly hollow. Their reasonably accurate reprisal against one of the most repellent symbols of the Iraqi dictatorship did not "alienate the Muslim world." (Most Muslims have asked passionately why the U.S. is not being equally tough about Bosnia, which is a fair question but not

moments will be relatively rare, because of a rather obvious fact about today's world.

And yet—the painful point—the absence of consensus will not mean that it is always wrong to act without consensus.

The rather obvious fact about the world of the 1990s is that it is still a collection of powers with markedly different ideas about life and sharply varying practical interests.

Some governments, such as China's, still deny that it is theoretically conceivable that their people might wish to remove them from office. Others are run by an older sort of dictator, who knows that his people hate him but is happy to stamp on them. Some groups of countries think it sufficient reason to have a shared foreign policy, opposed to that of other countries; they include Arabs, Africans—and some members of the European Community. And every country, democratic or authoritarian, yellow, black, brown or white, has its own interests to protect.

It is unlikely that such a world will often find itself feeling the same thing about any given event. The more emotional the event, the less likely will unanimity be. It is therefore hard to believe that the present structure of the United Nations—or any imaginable new structure—will produce the reliable machinery of judgment, decision and action that so many people now expect from the UN.

The fault will not be repaired by changing the way the Security Council operates. If instead of five veto-wielding permanent members there were seven, or 10, the likelihood of a veto would grow, and the chance of decisive action would shrink. If vetoes were abolished, and replaced by some sort of majority voting, the possibility of clear-cut action would disappear in a blur of compromise.

This naturally disappoints all those who had thought the end of the Cold War would mean the start of world government. For much of the 20th century, men of goodwill have longed to believe that the time was approaching when

the world as a whole would have what all civilized states now possess—a legal system to decide what is right and wrong, an executive to shape the law, a police force to apply it.

The trouble is that these things are possible in civilized states because the people of those states have come to feel that they are all part of the same place. They accept that they belong together, and they agree about all the big issues. They are therefore willing to let their governments govern, their judges adjudicate, their policemen swing the necessary truncheon.

This has not yet happened to the world at large. We have not yet reached a global equivalent of the moment when (say) Frenchmen first said, "We are all French." We have an identity, and so we are prepared to accept the disciplines of a single state. The world as a whole does not yet possess a sense of identity.

It may eventually do so. The defeat of communism is a step in the right direction. The now widespread recognition that no race should assume its superiority over other races is another. But the gaps that separate different segments of humanity are still many, and wide. So long as that is true, there can be no world rule of law.

Yet the question of what to do about the Saddam of the world remains unanswered. There are those who want to knock off neighbors, as Saddam tried to knock off Kuwait. There are tyrants who treat their own people abominably, as Saddam treats his. There are governments that organize terrorism abroad, as Saddam's government does.

Is nothing to be done about such things, except when the UN assembles its infrequent consensus? Of course something has to be done. Those who believe in the rules of a civilized world will sometimes use force, even if the cracks that cross the world make it impossible to collect a consensus. It has to be done with care, of course. But if those who believe in freedom never fight for their people's right to be free, the world will never be civilized enough to have a sense of identity, to feel itself all one place. And only a world that feels itself one place can ever have a world government.

International Herald Tribune.

There are toughs and tyrants abusing their people and others. Is nothing to be done, except by rare UN consensus?

the same thing as saying we should not be tough on Saddam. The attack did not need to wait for the Kuwaiti court's verdict on those accused of trying to kill George Bush. (Would anyone really have said, "Ah, the Kuwaiti verdict! That makes all the difference?") The Tomahawks were not "made Saddam more popular at home," any more than thumping KGB headquarters would have made Stalin more popular.

Only the legal argument, about the UN's blessing, deserves a second look. It reflects a widespread feeling that nowadays no act of international violence is permissible without UN authority. But this raises a basic question about what the United Nations can—and cannot—be expected to do in the world's gripings toward a safer future. The answer, alas, is a painful one.

There are moments when the UN can speak and act in the name of a more or less united world. Saddam Hussein's invasion of Kuwait in 1990 was one such moment. There will be others, and when they come the happy consensus should be embraced, the chance to act together seized. But these

Air Strikes Only Feed Violence

By William Pfaff

PARIS—Iraqis of an age to remember the 1920s will have memories to attach to the U.S. attack on Iraq's intelligence service.

From 1920 to 1932, Iraq was a League of Nations mandate under British administration, which for practical purposes meant it was a latter-day colony of strategic interest to the British Empire, at the time obsessed with control of the land route to India. Control of Iraq involved pacification of the Bedouin nomads of the desert.

British colonial practice had been to use troops to punish rebellion against the civilian administration, but Britain in the 1920s was poor and militarily overextended. The new Royal Air Force had an answer, which it called "air control." It proposed to control the marauding Bedouin tribes from the air. A tribe that had rebelled against authority or broken the rules of tribal warfare would have its tents and camels bombed. No troops required.

The principle was that of the gunboat "diplomacy" of an even earlier period. When the "natives" became obstreperous—this was usually in China, where the colonial powers and the United States enjoyed extraterritorial privileges and kept naval misadventures a gunboat would be used to shoot them up.

Of course in the end, the Western powers were ejected from Asia, and the United States went through more than a decade of lacerating debate over who "lost" China—ending in the Vietnam War, meant to stop the "loss" of still another Asian nation. What eventually was lost in Vietnam was the American nation's moral confidence.

President Bill Clinton is receiving the usual congratulations from the



usual people for killing a certain number of individuals in central Baghdad in order to communicate to Saddam Hussein America's displeasure at his having tried to kill former President George Bush.

Mr. Clinton also is receiving the usual criticisms from the usual people for having caused civilian deaths, killing to consult the allies, jeopardizing friendships among the Arabs or for simple bad judgment.

The affair is unfortunately familiar. By my memory, the United States has been doing this at least since the 1964 Tonkin Gulf incident. I was myself, in the 1960s, tediously employed in drafting a number of speculative exercises in "escalation theory" and scenarios of "tit-for-tat" exchanges of violence with America's various enemies, each blow supposedly conveying a "message" to the other side, deterring him from further violence

or intimidating him from carrying out some malcontented action. If all proved a waste of time.

People say that violence is the only language a man like Saddam understands. They are quite right. He understands it much better than people in Washington do. He has been on the receiving end of more violence than Bill Clinton, Anthony Lake and Warren Christopher can possibly imagine undergoing.

It has deprived him of Kuwait, but Kuwait is not of personal importance to him: Power is what concerns him, and even in his war over the last three years with the United States and the United Nations coalition, he has aggrandized his power.

He may end with a shot in the back delivered by a colleague. But that will have had nothing to do with what Mr. Bush, and Mr. Clinton, will have done to "punish" Iraq. I say there is nothing surprising

In From the (Russian) Archives: The Orlov Story

By John Costello and Oleg Tsarev

NEW YORK—President Bill Clinton's directive for a sweeping review of the rules governing official secrecy is likely to be rendered meaningless by the British government's embargo on declassifying its intelligence records.

Under the terms of the British-American intelligence-sharing agreement signed during World War I, the unilateral declassification of information is prohibited. This pact prevents the U.S. National Archives from declassifying 500 boxes of the wartime records of the Office of Strategic Services, predecessor of the CIA.

Since the British-American intelligence partnership was most intimate during the Cold War, it is unlikely that the full story of the West's three-decade-long struggle against the KGB can be told unless the British government relaxes its policy toward intelligence secrecy.

In contrast, the Russians have established an auspicious precedent by declassifying the KGB dossier on Alexander Orlov, Stalin's master spy, which reveals that he was the architect of the notorious Cambridge spy ring and its hitherto unclassified offshoot at Oxford University.

The Soviet archives reveal that Mr. Orlov, a general and the highest-ranking Soviet intelligence officer ever to flee to the West, was never a defector in the usual sense but rather a fugitive from Stalin's purges. The dossier documents that in 1932, after running underground operations in Germany and France, he came to the United States, where he fraudulently obtained a genuine American passport in the name of William Goldin, an emigre businessman.

In 1934 he arrived in London to set up shop as an importer of American refrigerators, the cover he used while directing the recruitment of Kim Philby, Donald Maclean, Guy Burgess, Anthony Blunt and others.

Another member of his under-

ground team, which established a network of spies in Western governments, whose activities brought enormous dividends to the Soviets during World War II and the Cold War, was Rudolf Abel, who was later involved in atomic espionage in the United States.

Mr. Orlov then returned to Moscow, where he became an intelligence adviser to Stalin before being posted to Spain as the Soviet secret-police chief. During the civil war there, he again "ran" Mr. Philby, who was a key figure in an abortive plot to assassinate Francisco Franco. Mr. Orlov also masterminded the removal of the entire Spanish gold reserves to the Soviet Union.

He repeatedly denied the charges, now corroborated by his KGB file, that he had systematically and ruthlessly liquidated Spanish Marxists and foreign journalists critical of Moscow's hard line.

Alerted in 1938 that Stalin had listed him for liquidation, Mr. Orlov fled with his wife and 11 children to the United States and, with the aid of influential family friends in the Russian emigre community, received a dispensation from officially registering as an alien resident.

During the next 15 years, he went into hiding, living as a recluse in Boston, Los Angeles and Cleveland on the \$22,800 he had taken from his headquarters safe in Barcelona. When the cash ran out, he sold Life magazine a sensational account of Stalin's secret crimes, whose publication coincided with the dictator's death in 1953. Only then did the former Soviet general come to the attention of the FBI.

Mr. Orlov claimed that he had blackmailed Stalin into calling off the worldwide manhunt for him by reading his silence about the Soviet dictator's criminal responsibility in the Great Purge for his life. But his letter

deciphering of U.S. diplomatic codes. This declassification of documentation still secret in Britain shakes British skeletons from the KGB closet.

After the Russian Intelligence Service's initiative, it would be a tragedy if the Clinton administration's declared intention of opening up America's Cold War intelligence archive were to be held hostage to Britain's obsession for keeping historical skeletons locked in the closet of secrecy.

The writers are co-authors of "Deadly Illusions," about Alexander Orlov. Mr. Costello has written several books on World War II intelligence. Mr. Tsarev was a KGB colonel. They contributed this comment to The New York Times.

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Germany does not turn a blind eye to Croatian or, indeed, Muslim violations of international law and human rights. But it is Serbia that bears primary responsibility for the destruction of the Yugoslav federation and for the brutal interethnic conflict.

The Washington Post.

1893: Short on Honors

PARIS—According to an announcement made on Wednesday [June 28] by the *Figaro*, there do not seem to be quite enough decorations of the Legion of Honor to "go around," for only the Army and Navy are to receive their on July 14, and civilians must wait till "next time"—perhaps another year. We are sure that our readers will be glad to learn that among the intended decorations for July 14—now postponed—was Mr. Pompi who is about to sail for the United States, where he will sketch for the *Herald* a series of caricatures of the scenes of everyday life at the Chicago Exhibition.

1918: Rumors of Russia

WASHINGTON—Sensational rumors having circulated to the effect that the Maximilians in Russia have been overthrown and the monarchy restored, there is a belief here that such reports bear the "made in Ger-

The Charge Is Serbia's To Answer

By Immo Stabreit

The writer is German ambassador to the United States.

WASHINGTON—We are witnessing the creation of a legend. It begins that Germany, by pushing for early recognition of Croatia and Slovenia in December 1991, forced the breakup of the Yugoslav federation, thereby triggering the tragic events in Bosnia that we are witnessing today. It is about time to dispel this myth by a look at the facts.

Some tend to forget: Recognition of Slovenia and Croatia was not a German decision, but a unanimous decision by the 12 member states of the European Community. True, Germany strongly advocated this policy. Its position was based on a sound analysis of President Slobodan Milosevic's intentions and the desire to protect the victims of Serbian aggression.

First, recognition of Slovenia and Croatia did not destroy anything that had not been forced apart by Mr. Milosevic before.

The destruction of Yugoslavia started in 1989 and 1990, when the Serbian leadership liquidated the constitutionally guaranteed autonomy of the province of Kosovo and installed a regime of repression and socioeconomic starvation against the Albanian population of that province. At the same time, a national emergency was declared in Vojvodina.

In an attempt to escape Serbian hegemony, Slovenia and Croatia declared their independence on June 25, 1991. In the following weeks—months before recognition—the Belgrade leadership started a war of conquest, expulsion, looting and destruction against Croatia. This was not, as Mr. Milosevic wanted the world to believe, a war of secession. The object of Belgrade was not to restore Yugoslavia but to create an ethnically cleansed Greater Serbia. The Yugoslav Army was transformed into an instrument of ethnic aggression.

Thus, rather than breaking up the Yugoslav federation, the recognition of Slovenia and Croatia robbed Mr. Milosevic of the "save Yugoslavia" rhetoric that he has been using, not without success, to disguise the meaning of his Greater Serbia strategy.

Second, as negotiations failed and military means to stop Serbian aggression were ruled out, recognition was pushed as the next best deterrent.

The Serbian double-track strategy of blocking the peace negotiations of Lord Carrington and at the same time continuing a war of aggression had made a mockery of the negotiation process. Meanwhile, the Croatian parliament ratified a constitutional law incorporating essential elements of the Croatian plan, referring to the protection of minorities.

Thus, at a time when Serbs refused to even talk about this question, the Croats accepted the most wide-ranging minority settlement of the region to this day. Under the circumstances, further nonrecognition of Croatia and Slovenia would have amounted to rewarding Serbian aggression. Recognition was designed to strengthen the forces of resistance against Mr. Milosevic in Croatia and Slovenia.

Recognition of Slovenia and Croatia internationalized the conflict. Thus, Mr. Milosevic could be made accountable for his actions under international law. Mr. Milosevic got the message: The EC decision of Dec. 16, 1991, to recognize Croatia and Slovenia was followed by a Serbian decision to stop the war in Croatia and accept the Vance plan for the territories under Serbian control.

Third, along with its partners, Germany was under no illusion that stopping the war in Slovenia and Croatia would solve the problems in other parts of former Yugoslavia.

The war that broke out in Bosnia-Herzegovina in April 1992 proved to be the second phase of the Greater Serbia war. It confirmed the German analysis of Mr. Milosevic's intentions.

The decision to recognize Bosnia-Herzegovina was based on a broad international consensus, which included the United States. It was inspired by the wish to defend the legitimate government of Bosnia-Herzegovina and to protect the rights of non-Serbs.

The attempt to engage a multiethnic Bosnian state from the wreckage of the Yugoslav federation failed because neither the European states nor the United States were prepared to defend this state.

Germany does not turn a blind eye to Croatian or, indeed, Muslim violations of international law and human rights. But it is Serbia that bears primary responsibility for the destruction of the Yugoslav federation and for the brutal interethnic conflict.

The Washington Post.

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Directeur de la Publication: Richard D. Stevens

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel.: (1) 49 57 93 10 Fax: (1) 49 57 93 11 Advertising: 46 73 52 12

Editor for Asia: Michael R. Hancock, 5 Cambridge Rd., Singapore 11511. Tel. 472-7788. Fax: 45-242334
Asia, Dir. Asia: Rafi D. Krasnowski, 5 Cambridge Rd., Singapore 11511. Tel. 472-7788. Fax: 45-242334
Asia, Dir. U.K.: Gerry Thomas, 61 Long Ave., London WC2, Tel. 836-4802. Fax: 071-24 2254
Gen. Mgr. Germany: W. Luederbach, Frankfurt, 15, 6400 Frankfurt, Tel. 069 726255. Fax: 069 72 73 10
Gen. Mgr. France: Michael Conroy, 30 Third Ave., New York, N.Y. 10012. Tel. 212 752-8800. Fax: 212 755-8785
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OPINION

Clinton Fled to the Center And a Wiser Vision of 1996

By E. J. Dionne Jr.

WASHINGTON — Two powerful notions have taken hold in the first six months of the Clinton administration. The first is that Bill Clinton got into trouble in the early going because he "moved left" from where he was in last year's campaign. The second is that he will be judged in 1996 almost entirely by how the economy is doing.



It All Started at the Gare du Nord

By Robert K. McCabe

PARIS — Forty years ago on a soft spring evening I stepped off the Golden Arrow from London onto the platform at the Gare du Nord and into an alliance with Paris that has not yet ended.

MEANWHILE

erments collapsed like packs of badly stacked cards. Existentialism flourished: Jean-Paul Sartre and his followers taught that life was to be lived for the moment, that nothing else mattered.

The writer in 1953.

And taxes on the rich, far from scaring "centrist" voters, have always been one of the most popular parts of the Clinton program, since most voters aren't rich.

LETTERS TO THE EDITOR

To the World Bank and IMF: Africa Has Its Own Agenda

Regarding "World Bank Takes Turn: Help Africa Help Itself" (May 22): I would like, on behalf of the Organization of African Trade Union Unity, which represents African workers in all 52 African countries, to thank Edward V. K. Jaycox, vice president of the World Bank for the African region, for his intellectual honesty in admitting, albeit too late, the abysmal failure of the World Bank and International Monetary Fund's programs in Africa.

Kashmir and Punjab

Regarding "Kashmir: Uncover Their Ugly Secret" (Opinion, May 26) and "India's Dirty New War: Chilling Tales of Atrocities From Kashmir" (June 8): Both articles allege human rights abuses in Kashmir. Of course, neither one mentions the plight of the 300,000 Kashmiri Hindus driven out of their homes by terrorists in early 1990, who have become refugees in their own country.

Disciplined Army Does It Nowhere Else But Kashmir

Disciplined army does it nowhere else but Kashmir. There must be provocation to the breaking point. SURINDER PURI, Schilde, Belgium.

Regarding "To Defend the Country"

Regarding "To Defend the Country" (Letters, June 15): Jeffrey Hale is right in saying that "a military community is invariably safer and more caring than the community outside the gate." That's because outside the gate one finds the usual military-dependent rowdy bars, prostitution, drug peddlers, the traditional and inevitable "camp followers."



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France Plans Police For Immigration

Compiled by Our Staff From Dispatches
PARIS — Interior Minister Charles Pasqua announced sweeping police reforms Wednesday and new measures to check illegal immigration.

Mr. Pasqua said at a cabinet meeting that a police directorate would be formed over the airport and border police forces responsible for immigration surveillance and controlling illegal workers.

He also announced plans for enhanced cooperation between the police, under the Interior Ministry, and the Gendarmerie Nationale, under the Defense Ministry, for a national police ethics council, and for the transfer of 5,000 policemen to street duty.

The cabinet spokesman, Nicolas Sarkozy, reporting details of the meeting, said the maintenance of law and order was an "absolute priority" for the government.

Mr. Pasqua said he had set "ambitious goals" for the new immigration police directorate. The need was underscored by "the acute nature of the problems of clandestine labor and immigration," Mr. Pasqua told the cabinet.

Earlier Wednesday, the French

Senate dropped an amendment to the government's immigration bill that would have allowed random checks of suspected foreigners.

The upper house's law committee dropped an article introduced by the National Assembly that would have authorized spot identity checks based "on any evidence other than race that a person is foreign." The wording touched off a cabinet dispute this month, and the modification had been expected.

Civil rights groups said the amendment was a license to harass Arabs and blacks, many of whom have French citizenship.

The new wording, based on a 1946 decree still in force, states: "Persons of foreign nationality must be in a position to present documents on the basis of which they are authorized to travel or reside in France in response to any request by the police."

It omits the notion of a "suspected foreigner" but maintains the principle of random checks. The bill must be approved by the Senate before going back to the National Assembly. (AFP, Reuters)

EUROPEAN TOPICS

German Psyche's Maintenance Is Too Costly for Government

More than 250,000 people receive psychological treatment each year in Germany, but the government reimburses only 2 in 1,000. The reason: The profession of psychological therapist is still not officially recognized. A draft law has been introduced to change this; its advocates say that psychological care will otherwise remain available only to the affluent.

The need for help seems clear: Sick days attributed to psychological problems now account for one-fourth the total among German workers, having tripled since 1986.

Backers of the draft law say professional standards will weed out charlatans — those who, for example, promise psychic healing through contact with extraterrestrials. But some fear that the law, if not carefully framed, could exclude serious professionals.

Around Europe

Cinema Paradise, Lost: It was not always the most comfortable way to watch a movie, but it certainly had its charm. As recently as the 1960s, Greece had 786 outdoor cinemas.

complete with "moonlight, jasmine, cigarettes, olives and ouzo," as The Observer of London put it. But many have given way to supermarkets, boutiques, garages and apartment buildings. "When we opened in 1961 we had queues that went around the block three times," says Dia Kouira, owner of Oasis cinema in Athens. Now, she adds, a full house is uncommon. In all, there are 152 open-air cinemas left in Greece, 34 of them in the capital.

The first suicide prevention and study center in Europe has opened in Stockholm, under the auspices of the World Health Organization. Sweden, like other European countries, has a rising suicide rate, attributed largely to increasing economic hardship. Twenty thousand Swedes now attempt suicide each year. Danuta Wasserman, director of the new center, calls this "a tragedy, particularly considering that it is happening in a welfare state."

Let there be power: When environmentalists in the Swiss city of Steckborn, on Lake Constance, learned that the local Roman Catholic Church was planning to renovate its 42-meter-high steeple, they were able to persuade church officials to combine faith and efficiency. The south side of the steeple is now covered with 432 solar cells, which will generate about 12,000 kilowatt-hours of electricity a year. The output — enough for about three four-person households — is not large, but the regional power authority sees it as a most conspicuous pilot project.

The Police Complaints Commission in Amsterdam wants riot police to wear large numbers, like soccer players, so victims of excessive police force will be able to identify their attackers. The "mobile units" fielded by Dutch cities have often been criticized for using strong-arm tactics to quell civil disturbances.

Russian thieves are recycling an idea used a few years ago in West European trains. Robbers on the Moscow-St. Petersburg route are gassing passengers in sleeping compartments, then taking their valuables. Travel agents recommend booking four-berth and not two-berth compartments, on the assumption that robbers will have a harder time knocking out four people than two, and on the theory that thieves would believe less affluent people use four-berth compartments.

Alarming news for communications junkies comes from France: The fax machine in the singer Nina Simone's home, near Aix-en-Provence, burst into flames recently after running nearly nonstop for three days. A bodyguard spotted the fire and it was quickly extinguished, reports Die Welt. The Hamburg daily says two conclusions are possible: Either we need bodyguards for busy faxes or — even safer — it is time to remember the good old telephone. One's ear may get hot, the newspaper notes, but it is unlikely to catch fire.

Brian Knowlton

8 Japanese Banks Lend \$94 Million to Liberal Democrats

TOKYO — Eight of Japan's biggest banks are lending more than \$94 million to the governing Liberal Democratic Party, which is facing its toughest electoral challenge in 38 years, banking industry sources said Wednesday.

An official of the Nagoya-based Tokai Bank quoted the bank's president, Kichiro Ito, as saying that the eight banks, including Tokai, would evenly share the cost of the 10-billion yen loan.

"Commercial banks would consider providing loans to other political parties if asked to," Mr. Ito said. "Providing loans to such parties is possible in order to maintain freedom and parliamentary democracy."

He said that the loans were purely a business transaction and not a political donation.

The Liberal Democrats, who have been in power since 1955, are in danger of losing their parliamentary majority in a general election on July 18, which was called after the party lost a vote of no-confidence earlier this month.

An opinion poll released Wednesday showed them unlikely to win a majority. About 3 in 10 poll respondents planned to vote for the party, leaving it the biggest single party in the lower house but short of a majority, the survey by the daily Yomiuri Shimbun found.

The leftist Socialist Party came second, with 15 percent of respon-

den's backing, followed by the anti-corruption Japan New Party, with about 12 percent.

The poll, which canvassed the views of 2,151 voters nationwide, showed that just over half of respondents believed that the Liberal Democrats and opposition parties would eventually reach a compromise on electoral reform, the issue that brought about the vote.

The falling popularity of the Liberal Democrats and a series of political scandals linking big business with politicians have made bank funding, normally a routine matter, a sensitive issue for the banks.

The Asahi newspaper said Wednesday that in addition to Tokai, the banks were Dai-ichi Kangyo Bank, Sakura Bank, Fuji Bank, Mitsubishi Bank, Sumitomo Bank, Sanwa Bank and Daiwa Bank.

According to news reports, the 10 billion yen is only half the amount that the Liberal Democrats have requested; the banks' reluctance to give more indicated their fear of close involvement.

In the last general election, in 1990, the Liberal Democrats borrowed 15 billion yen (\$141 million) from banks, said Tetsuro Murobuchi, an author who has written extensively on corruption.

"The LDP has intentionally not yet repaid 4.5 billion yen of that loan," he said. "This is to make the banks feel that they need to lend more in order to get all the money back."

REFUGEES: Closing the Doors

Continued from Page 1

refugees expelled from Germany. Prime Minister Václav Klaus announced on June 24 that beginning July 1, people from six countries — Bosnia-Herzegovina, Yugoslavia, Armenia, Azerbaijan, Georgia and Tajikistan — would need visas to enter the Czech Republic. Citizens of other countries with large numbers of emigrants would need to have a Czech sponsor, enough money and a return ticket. The government also plans to send about 300 soldiers to reinforce its border with Slovakia.

The Czechs have been pressing Slovakia to agree to a formal border between the two countries, which until Jan. 1 made up Czechoslovakia. Only goods, not people, are checked now at customs posts. "A formal border would allow the Czechs to control the flow of people into their country. Most important, Czech officials say, it would allow them to deport to Slovakia people who had been deported by Germany to the Czech Republic."

"But the Slovaks, fearful that formal border posts would push the refugee problem into their backyard, have refused so far. The Czech interior minister, Jan Ruml, has threatened to set up border posts anyway.

"Poland agreed with Germany in May to accept refugees back into Poland. In return, Warsaw was given

120 million marks (\$70 million) but the agreement was politically unpopular. "By signing this agreement, we admitted that Poland is a buffer state, that our sovereignty is not full," said Marian Pilka, a member of parliament from the Christian National Union.

Since then, Warsaw has announced that it was making arrangements with neighboring countries to send the deportees back to the countries they had come from.

Similarly, the Hungarians have made agreements with Romania, Croatia, Slovenia, and Austria to return refugees from those countries. Thus, refugees coming from the Balkans through Romania into Hungary — perhaps planning to move on to Austria and then Germany — can be returned within six or seven hours.

"We're the easternmost country from which illegal migrants try to leave — and we're surrounded by countries in which there are strong attempts to migrate," Peter Boross, the Hungarian interior minister, said in a recent interview. "We have to think from the point of view of the public security situation about the pressure of migration. We're neighbors of Yugoslavia, Romania, Ukraine — it's not the most ideal place, unlike, say, Holland."

Presidential Balancing Act in Argentina

By Nathaniel C. Nash

New York Times Service

BUENOS AIRES — Much of Argentina acted like an infatuated teenager this month when the international model Claudia Schiffer of Germany arrived to promote a lingerie company. Reporters and admirers raced after her as part of the excitement that made her front-page news for days.

President Carlos Saul Menem was not to be left out. Although talk shows paid \$15,000 for her appearance, Mr. Menem held two private meetings with the tall blonde, 22 — at the presidential palace and then at lunch.

The public's reaction reflected the dual audience that Mr. Menem finds himself playing to. Many cheered the flamboyant, bon vivant manner that the president, 62, has cultivated in office for the past four years. Others severely criticized him, indignant that the model was received as a visiting dignitary.

As his approval ratings hover around 45 percent, down from 70 percent 18 months ago, Mr. Menem is trying to persuade Argentines to change the constitution to permit him to run for a second term.

"The society is very satisfied with what Menem has done, with the economic stability that he has brought to Argentina," said Miguel Angel Broda, an economist. "But it is getting impatient with the frivolity and the accusations of corruption that surround Menem's people."

Mr. Menem bristled at the criticism. "I received her because she asked for an audience," he said. "Just because you receive a world-famous model, is that a sign of frivolity?"

Is it a sign of frivolity that a president plays a musical instrument with a band? Such comments are mental dwarfism.

Many say that if elections were held tomorrow, Mr. Menem would win for lack of a strong challenger. But it is not that simple.

His Peronist party has to win big in congressional elections Oct. 3 to give him the two-thirds majority needed for constitutional change, an outcome that seems remote.

As part of his re-election strategy, Mr.

'Just because you receive a world-famous model, is that a sign of frivolity? Is it a sign of frivolity that a president plays a musical instrument with a band?'
President Carlos Saul Menem

Menem hopes he can improve his image in his second state visit to Washington in two years. On Tuesday, he met President Bill Clinton, an encounter that Mr. Menem's aides have repeatedly emphasized is symbolically important because it was the first meeting between a Latin American head of state and Mr. Clinton.

President Clinton praised Mr. Menem at the White House as a "real force for democracy and for human rights in our hemisphere." The Associated Press reported, Mr. Clinton spoke during a photo session with Mr. Menem.

UN Hails Troop Offer From Khmer Rouge

Compiled by Our Staff From Dispatches

PHNOM PENH — The head of the United Nations mission in Cambodia on Wednesday welcomed an offer from Khmer Rouge commanders to merge their forces with the army of the country's newly elected government.

Unexpectedly, Khmer Rouge guerrillas in the northwestern provinces of Siem Reap and Banteay Meanchey also said they would open areas under their control to UN peacekeepers, according to Lieutenant Colonel John Weiland, a UN military spokesman.

The Khmer Rouge has barred UN forces from the 20 percent of the country it controls throughout the 15 months of the UN peacekeeping mission.

The UN mission chief, Yasuji Akashi, said that if the guerrillas

wanted to join without conditions, "I think the door should be open for them to participate in the national reconciliation."

He added: "I think they want to participate in some ways in discussions about the future of their country."

The UN military chief, Lieutenant General John Sanderson, met Wednesday with Khmer Rouge generals, Michael Williams, a UN spokesman, said, declining to disclose details or the location of the discussions.

If the talks lead to a commitment from the Khmer Rouge to turn its more than 10,000 fighters over to the new government, the union may make it possible to end two decades of conflict.

(AP, AFP)

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HEALTH / SCIENCE

Mapping Path To Heart of Cell Unveiling Growth Signals May Help Treat Cancers

By Natalie Angier New York Times Service

NEW YORK — With a splendid convergence of discoveries from a broad range of disciplines, biologists at last have sketched out the crucial events that tell a cell it is time to divide. They have traced the pilgrimage of a biochemical signal from the moment it impinges on the delicate skin of the cell, through its arrival in the cell's deep nuclear soul, where the directive to multiply can be fulfilled.

In understanding this essential pathway of life after a race of 13 years, molecular biologists are gazing upon a fundamental revelation into how the body grows. It turns out the signaling pathway of the cell is a kind of molecular comedy, in which one protein hooks up to a second protein that then jointly pushes a button on an enzyme that pushes a button on another enzyme that makes this knob slide into that hole.

The design works wondrously in overseeing cell growth, so well that it is shared by species as diverse as yeast, worms, flies and humans. And as a recent deluge of reports makes clear, scientists are elated at least to have cracked the puzzle of the cellular event known as the "activation of the ras pathway."

The pathway is a series of molecular reactions that begins when a stimulatory compound in the blood system tweaks a protein on the surface of a cell and ends with new cell growth. The ras pathway is the principal circuit through which a signal to divide reaches central headquarters in the cell's nucleus, although scientists believe that other subsidiary growth pathways may exist.

At the heart of the long, intricate pathway is the ras protein, which is so central to cell growth that defects in the protein are thought to account for up to third of all human cancers. In some cases, such as tumors of the pancreas and colon, from 50 to 90 percent may result from a mutational blow to the gene that makes the ras protein.

In the past several months, dozens of reports on the ras pathway have appeared in major journals. At last week's annual meeting on the genetics of cancer in Frederick, Maryland, presentations on the ras cascade dominated the sessions.

"There is more known now about the ras pathway by far than about any other pathway in the cell," said Dr. Michael Wigler of Cold Spring Harbor Laboratory at Cold Spring Harbor, New York, an early pioneer in the study of the ras gene. "There has been a great advantage in having so many people

studying the problem, because there are things that come out in the details that are precious."

Indeed, the details are the breath and blood of the story. It is one thing to know in hazy outline what happens to make a cell divide; it is quite another to know which proteins comport with which and in what order to carry out the task.

"There are still gaps in our understanding, and a few links are still obscure," said Dr. Robert A. Weinberg of the Whitehead Institute for Biomedical Research in Cambridge, Massachusetts. "But I did manage to draw all this up in one glorious wiring diagram recently and present it at a talk." The wiring of the cell, he said, "is no longer any more inaccessible to study than the wiring of a transistor radio."

And while much of the latest work focuses on a basic understanding of the ras communication system, two papers published in the current issue of the journal Science suggest the work may be swiftly translated into real cancer therapies.

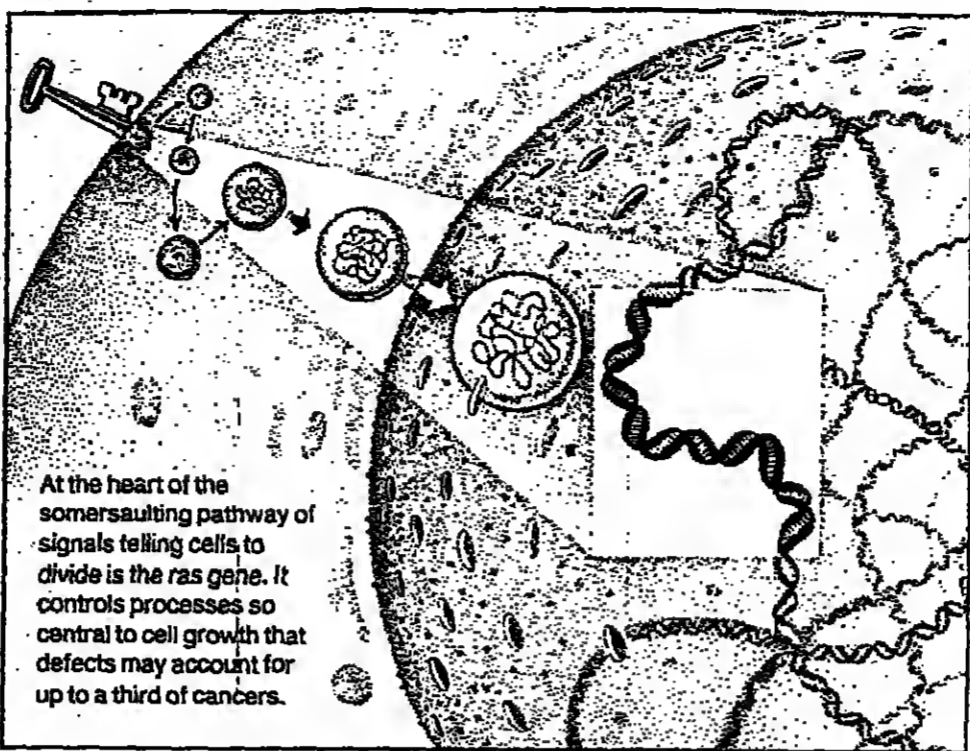
In the reports, researchers announced that, in test-tube results, they were able to block a step necessary for the ras protein to convey a cancerous signal to the nucleus. Using small synthetic peptides or drugs distantly related to Valium, the scientists prevented the ras protein from finding its proper niche just inside the membrane of the cell, a positioning essential if ras is to operate as the mastermind of a signaling cascade.

And while the drugs can also interfere mildly with the performance of the protein in healthy cells, for a variety of reasons the inhibitory effect is vastly amplified in cancer cells, depriving them of the power to divide lawlessly and returning them to a seemingly normal state.

In their ability to home in on a specific part of a signaling pathway in cells, rather than merely attacking and killing anything that divides, as standard chemotherapy drugs do, the new compounds approach the silver bullet method of which biologists and doctors have long dreamed.

"The new therapies will not be ready for human trials for two to three years," said Allen Olf, the executive director for cancer research at Merck Research Laboratories in West Point, Pennsylvania, and the preliminary observations may never come to anything. Nevertheless, he said, "I'm an oncologist, and from my viewpoint it's the most exciting thing I've seen in the last 15 years."

Dr. Olf and a colleague, Dr. Jackson B. Gibbs, led the team responsible for one of the two Science reports. The other study came from a collaboration between the



At the heart of the somersaulting pathway of signals telling cells to divide is the ras gene. It controls processes so central to cell growth that defects may account for up to a third of cancers.

University of Texas Southwestern Medical Center in Dallas and Genentech Inc. in South San Francisco. Researchers elsewhere are seeking different Achilles' heels along the ras cascade. The initial work on the ras gene began around 1980, when scientists realized that the gene could contribute to cancer and thus merited a designation as an oncogene. Like most of the 50 other known oncogenes, the ras gene was named after the animal species and tumor type in which its nefarious effects were first discovered — in this case, as the cause of a rat sarcoma, or connective-tissue cancer.

Biologists discovered that the only difference between a robust version of ras that is vital to life, and the malevolent version that helps cause cancer, is a single subunit, or base pair, out of the many thousands of base pairs that make up the gene.

Normally, when the ras protein is in an inactive state, it clings a small molecule called GDP. Upon being allowed into action by a stimulant like a growth factor, the protein tosses away the GDP and picks up a more active molecule

called GTP from the cell's own cache, an exchange that allows the ras protein to pass its excitatory message along toward the nucleus.

Once its transmission chore is through, the ras protein obligingly switches itself off, using a bit of its own enzymatic machinery to transform the active GTP into the more sedate molecule, GDP. The point mutation destroys this act of self-control, leaving ras always gripping GTP and thus in an incessantly stimulated condition — whether an external signal to grow is there or not.

But women approaching menopause might wait for nature to solve the problem. Fibroids commonly shrink after menopause, and experts caution against removing those that cause no serious symptoms or operating to prevent future symptoms.

Abnormal uterine bleeding: About 20 percent of hysterectomies are done to eliminate bleeding problems that disrupt a woman's life. Before a decision to operate, an examination of the uterine lining is necessary; for example, by doing an endometrial biopsy or a D&C (dilatation and curettage) to determine the cause of bleeding. If no disorder is found, less drastic treatments to try before opting for surgery include various hormones and anti-inflammatories.

Genital prolapse: As women age, the muscles that support pelvic structures loosen and the uterus, bladder or other tissues may begin to sag. About 15 percent of hysterectomies are done to rectify this. But before resorting to surgery, women are being urged to try using a pessary, a diaphragm-like device that supports the sagging structure.

Elective hysterectomies, even in young healthy women, can have serious consequences. Death rates range from 6 to 11 per 10,000 and, postoperative complications occur in 24 to 48 percent of women, with major complications in about 3 percent. New procedures, like vaginal hysterectomy assisted by laparoscopy, have fewer complications and involve shorter hospital stays,

IN BRIEF

Tylenol and Alcohol Don't Mix: Advisory Group Seeks Warning

ROCKVILLE, Maryland (AP) — A U.S. government advisory panel has recommended a warning label cautioning about the risk of rare and severe liver damage if a heavy drinker exceeds the recommended dosage of Tylenol or any other acetaminophen product.

But members of the Over-the-Counter Drugs Advisory Committee, advisers to the Food and Drug Administration, said they also planned to examine the hazards of mixing alcohol with other painkillers, such as aspirin and ibuprofen, and suggested that acetaminophen products not be singled out for labeling until those reviews are completed.

Doctors from McNeil Consumer Products Co., the maker of Tylenol, argued that such a warning label might prompt people to switch to aspirin or to nonsteroidal anti-inflammatory drugs that can cause ulcers and internal bleeding, which are far more common. One panel member, Dr. Marcus Reidenberg, a professor of pharmacology and medicine at New York Hospital-Cornell Medical Center, agreed that while liver toxicity from acetaminophen and alcohol "is not a common problem, gastrointestinal bleeding is."

Acetaminophen is usually sold in 325 milligram and 500 milligram tablets. The maximum dose is eight of the extra-strength tablets in 24 hours.

Is it a Male or Is it a Female? Only a Hyena Knows for Sure

WASHINGTON (AP) — Female spotted hyenas are so much like males that it's hard to tell them apart. Now, scientists believe they know why.

Solving a centuries-old puzzle, California researchers have reported in the journal Science that high levels of male hormone absorbed before birth turn female spotted hyenas into large aggressive animals and make the male hyena a second-class citizen of his own clan. Changes caused by the hormone are so thorough, said Dr. Fentil K. Sauer, professor of obstetrics at the University of California, San Francisco, that even genitalia of the female closely resembles that of a male.

Dr. Paul Licht, a biology professor at the University of California, Berkeley, and a co-author of the study,

said the unusual development of the female spotted hyena has fascinated scientists for centuries. "Aristotle wrote about it," he said. But it took modern laboratory techniques to specifically identify the biological events that lead to the masculinization of the female.

Greenland Ice Researchers Reach Record Drilling Depth

WASHINGTON (AP) — Researchers drilling through the Greenland ice sheet reached a record depth of 10,021 feet (3,054 meters) Tuesday and have encountered a rock that may mark the base of almost two miles (3.2 kilometers) of ice.

The National Science Foundation said the researchers had been drilling for five years and had now extracted an ice core that was deposited over 250,000 years. Lynn Simonski, a spokeswoman, said the ice shaft was drilled about 18 miles away from an earlier effort by European scientists that reached 9,934 feet.

Scientists are studying the ice cores extracted from the two drill sites to learn about weather patterns over the centuries.

U. S. Institutes Will Resume Studies on Growth Hormone

WASHINGTON (AP) — The National Institutes of Health has resumed recruiting extremely short children for two growth hormone studies that had been suspended a year ago.

The studies had been challenged by the Foundation on Economic Trends as being unethical and violating federal regulations covering experiments on children. Jeremy Rifkin, the head of the group, contended that the children were healthy and that their short stature was not a medical problem to be fixed in an experiment that might do them harm.

But two outside review committees of physicians, biostatisticians and ethicists advised the institutes to proceed with the studies because so many children are already being treated with the genetically designed hormone drug. The review panels reported that an estimated 15,000 American children who do not have classic growth hormone deficiencies are receiving hormone injections in the absence of proof that it works.

Hysterectomies Drop but Still Too Many, Experts Say

By Jane E. Brody New York Times Service

NEW YORK — The two most common reasons for major surgery in the United States involve a woman's childbearing organs. No. 1 is Caesarean section, in which the womb is opened to deliver a child, and No. 2 is hysterectomy, in which the womb is removed, ending a woman's childbearing ability.

Although the number of Caesareans has risen in recent years, publicity about unnecessary gynecological surgery seems to have led to a drop in the number of hysterectomies. In 1990, the latest year for which data are available, about 590,000 American women had hysterectomies, down from the annual peak of about 750,000 a decade ago. But many experts believe the number of hysterectomies is still far too high.

Consumer advocates and health-care critics typically blame greed for most of the unnecessary hysterectomies, saying that surgery is sometimes recommended before doctors exhaust less costly and less hazardous remedies.

A new study indicates that many nonmonetary factors also play an important role. The study, under-

taken by Rand, an independent nonprofit research organization in Santa Monica, California, showed that even among members of prepaid health maintenance organizations, where doing the least costly procedures net the highest profits, 16 percent of "elective" hysterectomies were clearly unnecessary and 25 percent were of uncertain necessity. The study excluded hysterectomies done to treat cancer or uncontrolled hemorrhage.

The study, published in May in The Journal of the American Medical Association, analyzed all the relevant facts preceding hysterectomies performed on 642 women randomly selected from a total of 5,126 hysterectomy patients who were members of one of seven health-maintenance organizations around the United States.

Before the analysis, a panel of nine doctors who are experts in gynecology and obstetrics established an "appropriateness" scale, rating reasons for hysterectomy as appropriate, uncertain and inappropriate.

Only 58 percent of the hysterectomies were performed for appropriate reasons, the study found. Among women under 40, 44 percent were rated appropriate and 28 percent were rated inappropriate.

The study strongly suggests that

containing the high rate of avoidable hysterectomies requires a better understanding by both doctors and women of the generally accepted reasons for this surgery.

In an article this spring in the New England Journal of Medicine, three gynecologists at Massachusetts General Hospital in Boston reviewed the main reasons hysterectomies are done. They include:

Uterine fibroids: Fibroids account for 30 percent of hysterectomies. These benign tumors can enlarge beyond the size of a three-month pregnancy and may cause excessive bleeding and anemia that does not respond to iron supplements, pelvic pain and pressure on urinary structures. In women who do not wish to have more children, a large symptomatic fibroid is an accepted reason for hysterectomy.

An increasingly popular alternative is a myomectomy, in which just the fibroid is removed.

But women approaching menopause might wait for nature to solve the problem. Fibroids commonly shrink after menopause, and experts caution against removing those that cause no serious symptoms or operating to prevent future symptoms.

Abnormal uterine bleeding: About 20 percent of hysterectomies are done to eliminate bleeding problems that disrupt a woman's life. Before a decision to operate, an examination of the uterine lining is necessary; for example, by doing an endometrial biopsy or a D&C (dilatation and curettage) to determine the cause of bleeding. If no disorder is found, less drastic treatments to try before opting for surgery include various hormones and anti-inflammatories.

Genital prolapse: As women age, the muscles that support pelvic structures loosen and the uterus, bladder or other tissues may begin to sag. About 15 percent of hysterectomies are done to rectify this. But before resorting to surgery, women are being urged to try using a pessary, a diaphragm-like device that supports the sagging structure.

either alone or with estrogen cream and pelvic exercises.

Chronic pelvic pain: This is the main reason for hysterectomy in about 10 percent cases. Unfortunately, the pain is often unremitting, the pain is often unrelated to any pelvic disorder, and thus the surgery does not relieve it. The Boston doctors recommend a thorough pelvic examination, for example, through a laparoscopy, ultrasound or magnetic resonance imaging (MRI) to try to find a cause for the discomfort.

Elective hysterectomies, even in young healthy women, can have serious consequences. Death rates range from 6 to 11 per 10,000 and, postoperative complications occur in 24 to 48 percent of women, with major complications in about 3 percent. New procedures, like vaginal hysterectomy assisted by laparoscopy, have fewer complications and involve shorter hospital stays,

BOOKS

PICASSO AND DORA: A Personal Memoir

By James Lord. 340 pages. \$35. Farrar Straus Giroux.

Reviewed by Barbara Probst Solomon

JAMES LORD is part of a very old American tradition: the American from a good family, who has some private income, and whose soul is pointed toward Europe. This fatal amour with Continental Europe — usually Italy or France — then completes a moral, emotional and creative education.

So I was instantly mesmerized by Lord's account in this quirky and particular memoir of himself as a young American in Paris, and of his complex relation in Picasso and Dora Maar.

Dora Maar was Picasso's mistress — she had been with him since the late '30s and during the Occupation — when Lord arrived in Paris with the American troops shortly after D-Day.

The interesting part of this memoir is Lord and Dora, and Lord seeing Picasso through Dora's eyes — not Lord and Picasso. In recounting his 45-year obsession with Dora, Lord creates an extraordinary portrait of the end of bohemian artistic life in France. Lord, as was Fitzgerald in "Tender Is the Night," is aware that he is chronicling the end of an era.

The Second World War, unlike the First, did not begot a plentiful Parisian population of expatriate writers and artists. This later generation, far from being lost, found abundant appreciation of genius. Anyway, the high season of Parisian supremacy as a creative capital had waned. No matter, I have always been in love with autumn and twilight.

Lord's infatuation with France began in his adolescence; he read "The Count of Monte Cristo," daydreamed of Paris and learned the French language — later, during the liberation of Paris, his skill in French caused the American intelligence service to station him near Paris.

Lord uses a nice Stendhalian nonchalance to describe crucial events in his life. The bit of 22-year-old luck that enabled him in most of Picasso is summed up in this way: "To consecrate the utter fatuity and futility of my part in the Bronze Star. My teammates, it appears, had accomplished something stra-

telegically advantageous, though I never knew, or wanted to know, what it was, and as a consequence the entire team came by this evening. I did not disdain to wear the red ribbon meant to single one out as a soldier of distinction. The disguise of the uniform had improved upon itself, and it is any wonder that within it, revealing in false appearances, blind in their goal, I regarded myself as eligible to meet the most famous artist alive?"

Lord parked on Picasso's doorstep, immediately becoming one of those privileged American soldiers whom the artist agreed to meet. In an act of amazing bravado Lord instantly insisted that Picasso draw him.

Picasso's first drawing didn't please Lord, and, with even more bravado, he demanded that Picasso make a second picture, which the artist also did.

When Lord first met Dora — she was 15 years older than he — she was still Picasso's favorite; soon afterward Picasso replaced her with Francoise Gilot. In addition to being the most complicated of Picasso's women, Dora Maar was a gifted photographer and an artist in her own right.

Lord marvelously evokes the slow days of artists summering in the south of France — one feels the heat of the hot, buggy afternoons in that last point in time before academics, grant recipients and mass

media would invade their small universe. He visits Picasso in La Gallicie, the cramped, rather ugly house the artist provided for Francoise Gilot and their two children.

Lord also visits Dora in the even more awkward isolated house Picasso bought for her in Menerbes. Picasso instructs Lord to bring Dora an extremely ugly chair — a special gift from the great artist to his former mistress. Dora retaliates by giving Lord a ratty shovel as a return gift to Picasso, insisting that Picasso will love and understand the shovel.

Lord, who ends up staying with Dora in her house, slowly becomes enmeshed with her. Their involvement deepens, but never is physically consummated. Dora strikes the reader as deliberately enticing Lord with her tidbits of Picasso

stuff — the jewelry Picasso gave her, his clever business advice, and myriad paintings of her — she was the model for the anguished woman in Guernica.

Lord, Picasso and Dora were a complex emotional trio; the reader gets a sense by what Lord reports Dora saying and not saying, that of the three, the one who had the keenest knowledge of what those undercurrents really were about was the rueful, aging melancholic Dora Maar. In his evocation of her James Lord has created a stunning tour de force of that time, now as far past as Proust's Paris of madeleine, and of those people.

Barbara Probst Solomon, a cultural correspondent for El Pais-Madrid, wrote this for The Washington Post.

WHAT THEY'RE READING

• Jean-Marie Goerboon, chief of the policy planning staff of the French Ministry of Foreign Affairs, has just read "Middlemarch," by George Eliot. "I completed it in two months; it's an extremely good book. George Eliot must have been one of the most intelligent women in the 19th century. You can feel the kind of woman she was." (Kenneth Kukier, IHT)



BRIDGE

By Alan Truscott

IN the final of the National Teams Flight C, played at the Manhattan Club, 27 West 72d Street, two players showed themselves to be aggressive bidders. First, West doubled the one no-trump opening, which by partnership agreement showed a long suit somewhere in the hand. This was a risky move even at favorable vulnerability, but then North was equally daring. Two clubs was Stayman in spite of the double, again a matter of partnership agreement, and he drove to game when a heart fit was uncovered.

East might have doubled two clubs to suggest a lead of that suit. As it was, West led the diamond trick rather than the normal four. This was an attempt to indicate a weak suit, and was of little interest to East but of great interest to Karen Berbig, who was South. She

made the winning decision by playing low from the dummy. Her ace collected the king, and she faced the problem of the trump suit.

The normal play was to finesse the ten, playing for the queen to be with West. That would have led to a quick defeat here, for East would have scored a diamond ruff later. South's aim was to draw just two rounds of trumps, and not permit a third. Assuming that West held the heart ace to justify his overall, she led to the king and it held the trick. She was now doomed if West had begun with A-Q-x, but was due to survive if that player had begun with A-x or A-x-x.

Another trump lead went to the ace, and it did not matter what West returned. South could not be prevented from playing diamonds and ruffing twice in the dummy. All the defense could score was two trump tricks and a club trick,

and South brought home a vulnerable game that was not reached in the replay.

Hand diagram showing North (D) and West hands with cards and suits. North: ♠ Q93, ♥ K1092, ♦ Q9, ♣ 9652. West: ♠ J42, ♥ A3, ♦ J87432, ♣ J4. East: ♠ 10876, ♥ Q53, ♦ K, ♣ KQ873. South: ♠ AK5, ♥ J874, ♦ A1065, ♣ A10.

North and South were vulnerable. The bidding: North East South West Pass Pass 1NT. Do Pass Pass 2♣ Pass 2♥ Pass Pass 4♥ Pass Pass 4♠ Pass Pass 4♠.

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International Herald Tribune, Thursday, July 1, 1993

Chairman Fears Fiat Debt Will Triple in 1993

By Alan Cowell

TURIN — Fiat SpA, one of Italy's richest business empires, forecast Wednesday that its debt would nearly triple, to about \$7 billion, by the end of the year. The warning came as a further illustration of Italy's likely problems in pulling out of a recession that has been exacerbated by Europe's slowdown. Another big Italian company, Ferruzzi Finanziaria SpA, announced a large rise in its short-term debt Wednesday. (Page 13) Fiat's announcements showed how much the company is gambling on a forecast turnaround in mid-1994 in the European and Italian auto markets to justify massive investment in new facilities and in a new model range. In Turin, the Fiat SpA chairman, Giovanni Agnelli, said after his company's annual meeting that Fiat had risen to 3.84 trillion lire (\$2.49 billion) at the end of last year but had to raise more than 6 trillion lire this month. Moreover, he said, it could reach a "maximum" of around 10.8 trillion lire this year, its highest in a decade, unless the carmaker sheds nonauto assets worth 2.2 trillion lire in 3.1 trillion lire. Fiat executives said its Toro Assicurazioni insurance company and Rinascente retailing subsidiary seemed the most likely assets for sale. Mr. Agnelli described the dramatic increase in debt from only 385 billion lire one year ago to the company's ambitious investment program at a time when Fiat's share of the dwindling European and Italian car markets is falling. Earlier this month, Fiat posted a sharply lower profit of around 507 billion lire and reduced its dividend. Mr. Agnelli said the investment and research program this year would cost over 7.7 trillion lire. Regarding Italy's recent wave of political corruption cases, shareholders pressed Mr. Agnelli and chief executive officer Cesare Romiti for details about the bribes senior Fiat managers have accepted. Agnelli was unresponsive in the first half of 1993. Page 13. Knowledge paying to politicians to secure public works contracts. More than 10 top executives, including finance director Paolo Mantoli and chief operating officer Giorgio Garzaro, are under investigation and Mr. Romiti himself has been told his role in the affair is under scrutiny. Mr. Agnelli insisted that kickbacks paid by the company over the past 10 years and totaling an amount he said was as high as \$0 billion lire had not damaged the company's profitability. Asked how it was possible that some of his most senior executives could have been embroiled in the scandal without his knowledge or consent, he said the amounts involved were so small that "the chief executive officer and the chairman of the board is not involved in this kind of thing." Fiat, which made operating profit of 216 billion lire in 1992, has suffered from a slump in its core car business. Mr. Agnelli predicted that new car sales would slide 22 percent in Italy and 10 percent in Europe this year.

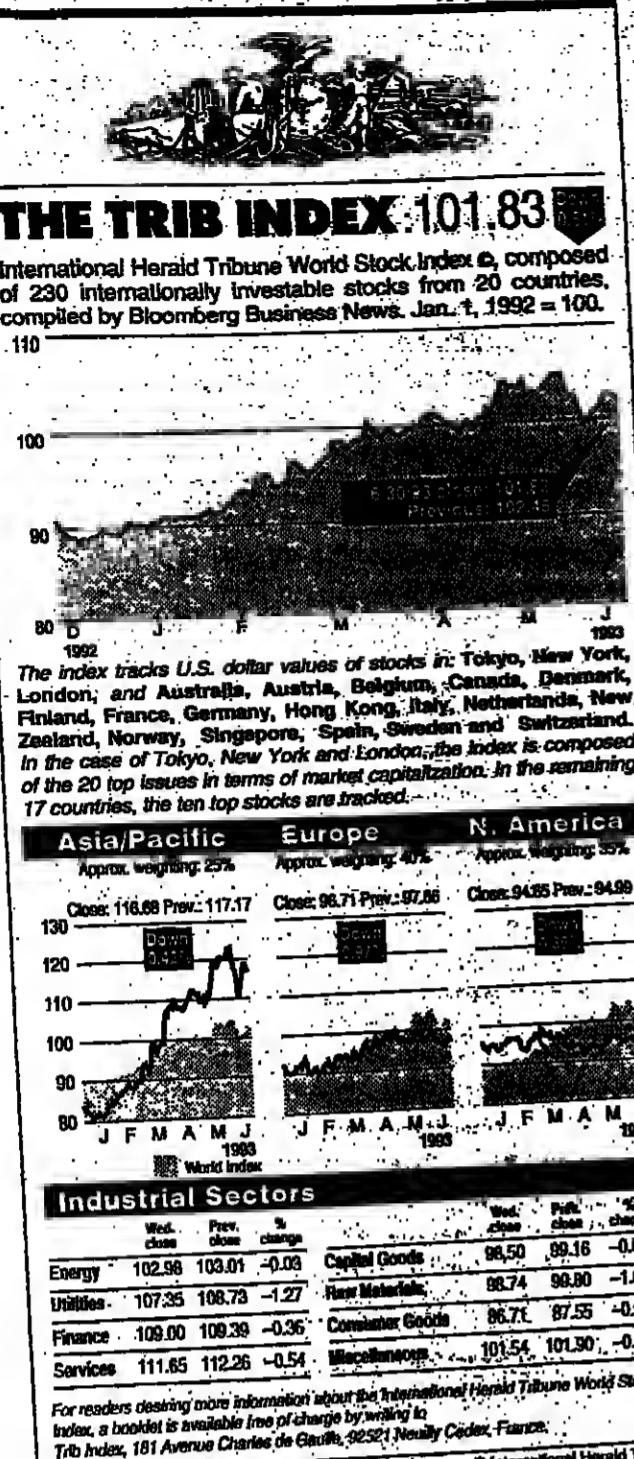
Bank of England Clout? Governor Could Set Policy on Pound

By Erik Ipsen

LONDON — In the heart of the City of London's financial district on Thursday morning, Eddie George stepped into one of the most prestigious and least powerful jobs in all of Britain, that of governor of the Bank of England. With Britain now the only nation among the Group of Seven leading industrial nations that has yet to set its central bank free to establish monetary policy, the change of the guard at the Bank is more a matter of symbols than substance. Departing what is affectionately known as the Old Lady of Threadneedle Street is Robin Leigh-Pemberton, the patrician gentleman farmer and politician turned banker. Arriving is a man who could not possibly pose a more striking contrast. Mr. George is a postman's son whose 30 years at the bank have now taken him from deputy governor to the top. Reluctant to upstage his predecessor before the changeover, Mr. George has to date confined himself largely to pronouncements in detail. Last month he polished up his image as a hard-liner on inflation by announcing that he would forego a raise throughout his five-year term. He also set a more egalitarian tone to management by rejecting his traditional due in the company car, the governor's Rolls Royce, in favor of his Jaguar. With opinion running strongly in favor of granting the Bank of England real power and independence, Mr. George will be keen to demonstrate that he and the bank are up to the task. "He could well find himself governor of an independent central bank before his term is out," said Patrick Minford, an economics professor at the University of Liverpool and one of the treasury's new panel of outside advisers. Opinion on both the instability and even the desirability of that development is deeply divided. "The Bank of England is a Mandarin, elitist and anti-populist institution," insisted David Smith, who once worked at the bank and is now an economist with the brokers Williams deBroe. To give the bank power to set interest rates, argue critics, would be to put it in charge of an economy about which it possesses all-too-little first-hand experience. Christopher Dow, the bank's former economics director, faults the bank's insularity and says it needs to be more open, with more of what he calls, staff comings and goings. The bank has far too many Eddie Georges — men who arrived fresh from the university intent on staying for the duration of their professional lives. By appointing Rupert Pennant-Rea as Mr. George's replacement as deputy governor, the government took a bold step to let fresh thinking into the bank's labyrinthine headquarters. Mr. Pennant-Rea comes to the job from the Economist, where he was editor. While the new team at the bank is widely expected to be more forceful in expressing its opinions, many economists insist that the broad anti-inflationary thrust of their utterances will remain unchanged. "I am not convinced that the bank will be any better since they see things pretty much the same way the treasury does," said Ian Amstard, an economist with Bankers Trust. "They are still fighting yesterday's battle of inflation." Outsiders also fault the bank for timidity. "In the last 25 years the heads of the Bank of England have never taken a strong stand on anything," insisted Mr. Smith. In the late 1980s, for instance, when the government embarked on a program of massive economic stimulus, the bank, whose job it is to defend the principle of sound money and low inflation, was silent. Similarly, it was widely criticized for giving the treasury bad advice during the currency crisis of last September which ultimately saw the pound forced out of the European exchange rate mechanism. One prominent economist criticized bank officials for a lack of courage in pressing their points with the treasury. "They are certainly not the sort of people I would want to go tiger hunting with," he said. On the other hand, with the blessing of Norman Lamont, then chancellor of the Exchequer, the bank stepped into the void left by the pound's ouster from the exchange-rate mechanism in September with high-profile comments about the importance of steady currency and low inflation. The consensus is that greater power lies within reach of Mr. George, but it will take years and numerous changes within the bank to bring it out of its long period of isolation. "We have tried Keynesianism, laissez-faire, central planning — we have even tried letting the Bundesbank set our monetary policy for us," said Kevin Gardner, chief economist for S.G. Warburg. "I expect the next panacea we try will be an independent central bank."

Hanson To Buy Quantum \$3.2 Billion Deal For Plastics Firm

NEW YORK — Hanson PLC said Wednesday it would acquire the debt-laden Quantum Chemical Corp. in a stock swap deal worth about \$3.2 billion. The deal includes assumption of \$2.5 billion of debts. Hanson, the Anglo-American industrial conglomerate, is offering 1.176 of its American depositary receipts for each of the 36 million shares in Quantum, the leading U.S. producer of polyethylene, which is used to make plastic. Quantum was formerly known as National Distillers & Chemical Corp. News of the offer sent Quantum's stock soaring. It advanced \$6.50 a share in trading on the New York Stock Exchange, at \$19. Despite the dilution for current shareholders and the debt assumption, Hanson's ADRs added 12.5 cents to \$17.125. At least two-thirds of Quantum stockholders must approve the bid. Investors in the company, who have seen the value of their shares plunge from as high as \$107 in 1988, reacted favorably to the offer. "Obviously, we're very pleased because it's a heck of a profit for us," said Dan Szente, assistant director of investments for the Ohio State Retirement System, which owns 2.25 million shares, or 7.4 percent, of Quantum. New York-based Quantum, which earned \$14.57 a share in 1992 but has not turned a profit since 1990, has been a victim of depressed prices for petrochemicals and a mountain of debt. Its results have worsened every year since 1989, when the company took out a \$1.15 billion loan to finance a special \$50-a-share dividend.



INTERNATIONAL MANAGER U.S. Pension Funds Seek A Voice in Japanese Firms

By James Stensgard, New York Times Staff Writer. TOKYO — America's big pension funds, which have assumed enormous influence in America's corporate boardrooms recently, tried this week to take on Japan's corporate samurai and were rebuffed. The occasion was a rate samurai and was attended by 1,901 companies simultaneously held their annual meetings Tuesday in public halls across the land, the winds of shareholder democracy blow, giving investors a chance, in theory, to question and voice on management policies in this period of recession, falling profits and budget losses. The only problem was that since the meetings were held at close to the same time, even the fleetest shareholder could attend but one or two. And even those who managed to get past the phalanx of company executives guarding the meetings and got to raise questions received cryptic replies. Japanese companies say they follow this practice to protect themselves against sokaiya, gangsters who specialize in extorting payments from companies by threatening to disrupt their annual meetings. In outsmarting the sokaiya, however, the companies also throttle legitimate questioning. In addition, more than 70 percent of the shares of corporate Japan are owned by other Japanese companies in the form of cross-shareholdings, another means that the companies use to insulate themselves against outside pressure. The companies always support each other's management. Undaunted, a number of major American pension funds have sought to use their growing shareholdings here to influence policies. A group of these institutions did what by Japanese standards is unthinkable — they voted Tuesday against some important resolutions proposed by the boards of Japanese companies. None expected to overturn resolutions, only to send a message of dissent. Nonetheless, a handful of the companies contacted insisted they had received no nay votes. Richard Koppes, the general counsel of the huge California Public Employees Retirement System, said: "That's very disturbing. Either the companies reason, or our votes did not make it through for some reason." But one executive said the Japanese could not ignore the American institutions for long. "In the Japanese style, the response at can institutions is always the same: dead silence," said. "But the executive vice president of Global Proxy Services, said, "But the nature of the silence has been changing. It's now an interested

Italy Pledges to Open Sale of State Firms in Month

ROME — The Italian government, seeking to boost the credibility of its privatization program, on Wednesday pledged to begin the sale of seven big state companies within a month. The companies include the oil giant Agip SpA, two banks plus a medium-term credit institution, an insurer, the state electricity company and a telecommunications conglomerate. Meanwhile, Germany and France announced privatization plans. Germany will partially privatize its phone company in order to expand and take part in international investment, while the French cabinet authorized Prime Minister Edouard Balladur to use special legislative powers to speed through parliament a bill selling off some of France's industrial and banking giants. Sale of the Italian concerns had been promised. A statement from Prime Minister Carlo Azeglio Ciampi's office said he had appointed a five-person committee headed by a top treasury official to oversee the disposals, and begin the procedures to sell them within 30 days. The previous government had said some of the disposals could take years. In some cases like IRI, a medium-term credit institution, the treasury owns the concerns. Others, like the telecommunications companies STET and Agip, are controlled through the government's two holding conglomerates. The Italian privatizations may end up competing for potential buyers with the French government, which last month said it was putting 21 state firms up for sale. Germany's Telekom, with 330,000 employees and income of \$28 billion last year, will offer public shares starting in 1996. The post office and a publicly held postal bank, which together employ 390,000, will be privatized later. The government will maintain at least half the shares in Telekom in the short term, and legislation will prevent controlling interest by foreigners. In addition to yielding up to \$50 billion in new financing, the goal of the privatization was to enable Telekom to take part in international consortia developing phones and communications in Eastern Europe and elsewhere. German law currently eliminates Telekom from most such ventures. The French cabinet authorized Mr. Balladur on Wednesday to use a constitutional provision making it possible to adopt a privatization bill without a vote, government spokesman Nicolas Sarkozy said. (Reuters, AP, AFP)

U.S. Orders Fall, Boding Ill for Jobs

The Associated Press. WASHINGTON — Orders to U.S. factories fell in May for the third month in a row, leading analysts to predict on Wednesday that there will be little growth this summer in the number of manufacturing jobs. "A third decline does mean some weakness in upcoming months and industrial production will slow down," contended Evelyn Tainer of Prime Economic Consulting in Chicago. "It doesn't bode well for employment in the manufacturing sector." Economist Thomas Runiewicz of the WEFA Group in Bala Cynwyd, Pennsylvania, concurred. "We're in a pretty sluggish economy," he said. "I don't think there'll be any immediate job growth in manufacturing." "People are still uncertain and don't want to make commitments about orders or jobs," he added. Factories shed 39,000 jobs in May on top of a loss of 65,000 a month earlier, leaving manufacturing employment at the lowest level in 28 years.

Latour Vineyard Sold To France's Artemis

PARIS — The prestigious Bordeaux vineyard Chateau Latour was returned to French ownership Wednesday after more than 30 years in the hands of Allied-Lyons PLC. Allied-Lyons announced the sale of its 93.2 percent stake in Chateau Latour, valued at 735 million francs (\$133 million), to Artemis SA, controlled by the French entrepreneur Francois Pinault. No price was given. In late 1991, when Allied-Lyons first put Chateau Latour on the block, it was estimated to be worth about \$242 million. Prices of wine properties have tumbled in the interim. Mr. Pinault, whose retail empire includes the Au Printemps chain, said the deal permitted "the return to France's patrimony of one of the oldest Bordeaux wines." (AP, Reuters)

VCR Firms Plan Digital Rules

By Andrew Pollack, New York Times Staff Writer. TOKYO — The world's leading consumer electronics companies agreed to jointly develop standards for digital videotape recorders that will use digital technology to provide crispier pictures, industry officials said Wednesday. The new VCRs would be able to record high-definition television broadcasts as well as conventional signals. It has previously been reported that Japanese consumer electronics companies have been discussing setting standards for digital VCRs. Now it is expected that an agreement will be announced within a few days to organize a formal conference to develop the standard, according to a spokesman for one company. Matsushita Electric Industrial Co. and Sony Corp. of Japan and Philips Electronics NV and Thomson SA of Europe are the leaders of the effort, but at least six other Japanese electronics companies are expected to join. Digital technology, which records information in the ones and zeros of computer language, promises to provide cleaner pictures than existing analog VCRs, much as digital compact disks do not have the hisses and pops found on analog records. Digital videotapes could also be copied without loss of quality. The executives are expected to discuss ways of preventing excessive copying so that movie studios and other providers of video software will support the new systems. Agreeing on standards would be a way of reducing development costs and avoiding costly format wars such as that developed between Sony's Betamax and Victor Company of Japan's VHS videotapes. The executive said that the envisioned standard would be half the width of VHS tapes, meaning that the new digital VCRs will not be able to play them. The digital machines should be able to record at least four hours of conventional television and two hours of high-definition television. The executive said that final agreement on a standard might have to wait until after the United States and Europe choose their standards for high-definition television because the manufacturers want the new VCRs to sell in those markets. Some executives have said that digital videotape recorders will reach the market as early as next year. But others say that it will take until 1997 and that they will be expensive when they arrive.

CURRENCY & INTEREST RATES. Table with columns for Cross Rates, Eurocurrency Deposits, Key Money Rates, and Forward Rates. Includes data for various currencies and interest rates as of June 30.

CURRENCY AND CAPITAL MARKET SERVICES. FOREXIA FAX 5 DM ¥ ¥. FUTURES & OPTIONS TRADERS. BERKELEY FUTURES LIMITED. CURRENCY MANAGEMENT CORPORATION PLC. WINCHESTER HOUSE, 77 LONDON WALL, LONDON EC3M 5SD. Tel: 071-382 9745 Fax: 071-382 9487.

ASIAN CAPITAL HOLDINGS FUND. Notice to all Shareholders. The shareholders are hereby convened to the Extraordinary General Meeting to be held in Luxembourg on July 19, 1993 at 10:00 a.m. with the following agenda: 1. Increase of the authorized capital from USD 30,000,000 - to USD 50,000,000. Article 5 §1 of the corporate Statutes will be amended accordingly and will have to read as follows: "The Corporation has an authorized capital of fifty million United States Dollars (USD) 50,000,000., to consist of ten million (10,000,000-) authorized shares of a par value of five United States Dollars (USD 5.-) per share."

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MARKET DIARY

Economic Worries Hold Back Stocks

NEW YORK — U.S. stocks ended mixed on Wednesday as concern about the economic recovery offset strength in the over-the-counter market and a rally in airline issues.

The Dow Jones industrial average slipped 2.77 points, to 3,516.08, although advancing issues on the

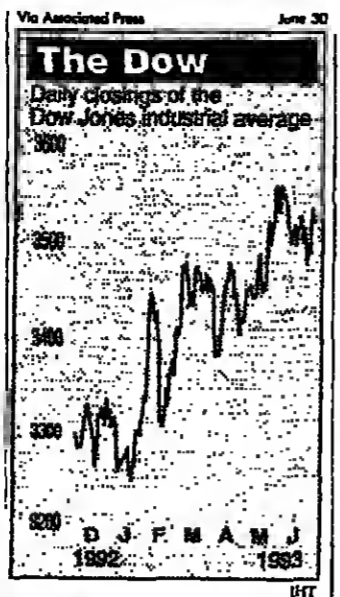
NYSE. The Nasdaq over-the-counter index was up 2.88 points, to 703.95, led by the Dow Jones transportation average which jumped 19.23 to 1,549.92.

"We saw real strength among Nasdaq issues and some transportation stocks, but it wasn't enough to offset lingering worries about the economy," said Lou Todd, a partner at J.C. Bradford & Co.

Oracle Corp. was the star in the over-the-counter market, surging 3 to 49 1/2 after it reported higher-than-expected fiscal fourth-quarter earnings of 47 cents a share, compared with 20 cents in the prior year.

Meanwhile, UAL Corp. and Southwest Airlines Co. led transport issues higher. UAL ended service to six U.S. cities, the latest step in a cost-cutting plan announced earlier this year.

Stocks were constrained by concern about the economy. "It looks like the recession may not be over, and that means earnings may not be as strong as forecast," said John



The Dow Jones Industrial Average. Daily closings of the Dow Jones Industrial average, 1982-1993.

Brooks, director of sales and marketing at the Nottley Group.

The government said Wednesday that factory orders declined 1.4 percent during May, the third consecutive monthly loss, as demand weakened in the aircraft and defense industries.

YPF SA paced the New York Stock Exchange activities, off by 2 1/4. The formerly state-owned Argentine oil company made a successful debut Tuesday, closing at 2 1/4 in its first day of trading on volume of more than 34 million.

The company's initial offering of 160 million American depositary receipts was priced at \$19 each. Sunshine Mining followed, up 1/2 to 2 1/2.

Quantum Chemical was third, up 6 1/4 at 19 after agreeing to be acquired by Hanson PLC under a merger agreement valued at about \$3.2 billion. Hanson's ADRs were up 1/4 at 17 1/4.

Atari led the American Stock Exchange activities, rising 1 1/4 to 4 1/4. On Tuesday, the company announced signing of a three-year contract with IBM, valued at \$500 million, under which Atari Jaguar will manufacture the Atari Jaguar, an interactive multimedia entertainment system.

McCaw Cellular Communications led the OTC actives, up 1 1/4 to 46. MECA Software Inc. slumped 3 1/4 to 64. ChipSoft Inc. and MECA terminated an agreement under which ChipSoft was to acquire MECA. The transaction ended because of a threatened challenge from the Justice Department's antitrust division.

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Table with 5 columns: Index, Open, High, Low, Close. Includes Dow Jones Averages and Standard & Poor's Indexes.

Table with 5 columns: Index, High, Low, Close, Change. Includes NYSE Indexes and NASDAQ Indexes.

Table with 5 columns: Index, High, Low, Close, Change. Includes NYSE Most Actives and AMEX Stock Index.

Table with 5 columns: Index, High, Low, Close, Change. Includes Dow Jones Bond Averages and Market Sales.

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Table with 5 columns: Index, High, Low, Close, Change. Includes NASDAQ Diary and S&P 100 Index Options.

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Table with 5 columns: Index, High, Low, Close, Change. Includes Stock Indexes and Spot Commodities.

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Ryder Plans Aviation Unit Spin-Off

MIAMI (AP) — Ryder System Inc. said Wednesday it will spin off its aviation business as a new, publicly traded company and will focus on highway transportation.

Ryder Aviation Services, a parts-and-overhaul business that represented nearly 25 percent of the parent company's \$5.2 billion in revenues last year, was assembled from acquisitions in the late 1980s, but has been hurt by the airline industry's huge losses.

"Wall Street has continually looked unfavorably at a trucking company in the aviation segment," said Ryder analyst Thomas Galvin of C.J. Lawrence. "I think this should be seen very positively."

The Dallas-based company, still unnamed, will be formed by a stock distribution to all Ryder shareholders. Its assets will shrink from a current \$1.2 billion to about \$800 million to focus on airline-related services, said Ed Houston, Ryder's chief financial officer. Ryder said it would take a \$169.4 million restructuring charge in the second quarter.

Philippines Bond Lures Investors

NEW YORK (IHT) — The Philippines Development Bank Wednesday successfully floated the country's first bond issue by a state-owned corporation without a government guarantee since the 1980s debt crisis.

The Eurobond issue was increased by \$75 million, to \$175 million, to meet demand from institutional investors who with the fall in U.S. rates are hunting worldwide for safer, high-yielding paper.

The five-year notes pay 8 percent semiannually and were priced at 99.434 percent to give an 8.14 yield. The spread of 310 basis points in interest over U.S. Treasuries is 10 points less than the government itself paid in February. William Rhodes, vice chairman of Citibank which managed the issue, said this reflected "growing international investor confidence in the country."

Rohm to Demand Flash Royalties

TOKYO (Reuters) — The Japanese semiconductor-maker Rohm Co. said a U.S. court had approved basic patents on flash memory chips owned by its U.S. subsidiary, and that it would shortly ask Intel Corp. to pay royalties.

"No makers can make flash memories without using Rohm's patent," Junichi Ekita, managing director of Rohm's chip headquarters, said. He did not say how much money would be asked from Intel.

A spokeswoman at Intel's Japan unit, however, said the court had ruled the products were not identical. A Toshiba spokesman also denied that there could be such a broad-ranging patent.

IBM to Build Game System for Atari

WASHINGTON (WP) — In a move that will have Goliath working for David, International Business Machines Corp. has contracted to build a new game system for the smaller Atari Corp., the companies said Wednesday.

The deal left IBM analysts shaking their heads. "Yes, it's nice to use manufacturing capacity," said Curt Rohman, an analyst at CS First Boston Inc. in New York, "but is this what IBM has come to?" He said the revenue from the Atari deal will be negligible.

Under the \$500 million, three-year contract, an IBM plant in Charlotte, North Carolina, will manufacture and distribute Atari's Jaguar, an advanced video game that can respond extremely quickly to what a player does and will include CD-quality sound.

For the Record

Westinghouse Electric Corp. said its board elected Michael Jordan chairman and chief executive. (APX)

A French court ruled on Wednesday that the American millionaire Tom Billman could be extradited to the United States to answer charges of fraud and embezzlement in connection with a bank scandal, justice sources said. (Reuters)

General Oriental Investments Ltd. and RTI Capital Partners Group said Wednesday that a registration statement has been filed by Newmont Mining Corp. for a public offering of 9.65 million shares of Newmont held by the two firms. (Knight-Ridder)

U.S. FUTURES

Table with multiple columns: Index, High, Low, Close, Change. Includes Grains, Metals, Livestock, and Food.

RATES: A Message for Germany

ed States. "It's hard to generate jobs from exports when many European countries have actually negative growth and Japan has no growth," he said.

The president's comments bolstered hopes that the Bundesbank would lower interest rates when it meets on Thursday, said Ed Neminski, an analyst with Nomura Securities.

Analysts said that Mr. Clinton was laying the groundwork for the G-7 meeting. "It would be good for the Germans to cut tomorrow, otherwise they will cut in Tokyo with the cupboard looking extremely bare," said an analyst at Japanese bank. The German discount rate is currently 7.25 percent and the Lombard rate 8.50 percent.

At the close of trading in London, the dollar was at 1.7015 Deutsche marks, up from 1.6932 late Tuesday. It also gained to 1.508 Swiss francs from 1.4982 francs.

and to 5.7345 French francs from 5.6950 francs. The British pound weakened to \$1.497 from \$1.5055.

But the U.S. currency was lower against the Japanese yen, declining to 106.25 yen from 107.135.

In New York, the dollar continued to climb against the mark and other European currencies. It closed at 1.7049 DM, and at 1.5135 Swiss francs, up from 1.498 francs, and also advanced against the pound, which stood at \$1.492, down from \$1.5115.

Elsewhere in the currency markets, the U.S. Federal Reserve Board moved aggressively to support the sagging Australian dollar after it came under pressure following a fall through the key technical level at 66.5 U.S. cents.

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Northwest Deal Advances

CHICAGO — Northwest Airlines has backing from about 90 percent of bank lenders to defer most of the payments on \$1.9 billion in debt, a source familiar with the restructuring plan said Wednesday.

Two of the airline's suppliers, United Technologies Corp.'s Pratt & Whitney and Airbus Industrie, have agreed on another part of the restructuring, sources said. Those two suppliers, which took part in a \$250 million emergency loan to Northwest last December, were expected soon to agree to a plan to defer payments. Northwest also is struggling to iron out a deal with its unions to cut labor costs by about \$900 million in the next three years.

WORLD STOCK MARKETS

Large table with multiple columns: Market, Index, High, Low, Close, Change. Includes Amsterdam, Helsinki, Hong Kong, Brussels, Johannesburg, Frankfurt, London, Singapore, Toronto, Zurich, and Stockholm.

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Audi Falls Into Loss In 1st Half

Compiled by Our Staff From Dispatches
INGOLSTADT, Germany — Volkswagen's Audi AG unit estimates that it posted a pretax loss of 198 million Deutsche marks (\$116.5 million) in the first half of 1993 after a profit of 315 million DM in the like period a year earlier. Nevertheless, the carmaker sees some chance of ending the year with a profit.

Franz-Josef Korteus, appointed this year to succeed Ferdinand Piëch as president of the troubled Volkswagen empire, said Audi could pull back into profit this year, but he warned that this would take "very great efforts and clear measures."

"Whether we succeed depends on the future market trends, which are not at all promising at the moment," he added.

Sales in the first half of the year plunged to 6.05 billion DM, down 29.3 percent from a year earlier, as a result of the slump in demand. Falling orders and the introduction of short shifts cut production to 173,712 units from 254,550 in the corresponding 1992 period.

In a move to adapt costs to falling demand, Audi will cut 4,000 jobs this year, 3,000 at its plant in Ingolstadt and 1,000 at a facility in Neckarsulm. At the end of June, Audi employed 34,697, 2,500 fewer than at the end of 1992.

The company has also cut investment, which fell 17.4 percent, to 270 million DM, in the first half. Mr. Korteus said Audi planned to invest 700 million DM in the next several years in a motor factory in Hungary announced late last year. (AFP, Bloomberg)

2 Ferruzzi Chiefs Resign Shares Plunge 10.4% as Deficit Grows

Compiled by Our Staff From Dispatches
RAVENNA, Italy — Two members of Italy's second-richest family quit key jobs in the Ferruzzi family holding company on Wednesday as shares of the debt-laden food-and-chemicals conglomerate plummeted.

The personnel changes coincided with the Ferruzzi Finanziaria SpA's announcement that its 1992 losses amounted to 1.66 trillion lire (\$1.08 billion), up from the previously reported 1.51 trillion lire.

Shareholders were told at the annual meeting that the increase in the losses was due to a write-down of 320 billion lire at a foreign holding company controlled by its principal operating subsidiary, Montedison SpA.

Ferruzzi's shares fell 10.43 percent on the Milan stock exchange, to 446.50 lire.

Furious shareholders berated management at the company's annual meeting for not warning them about the straits into which the concern had sunk in connection with its debt of 31 trillion lire. As a result of the crisis, creditor banks have taken over the management of the company.

Arturo Ferruzzi resigned as chairman of the company and Carlo Sama, his brother-in-law, stepped down as chief executive officer. Mr. Ferruzzi was the only son of Serafino Ferruzzi, who built up a grain business that another brother-in-law, Raul Gardini, later turned into a giant conglomerate.

Before he formally stepped down, a gray-faced Mr. Sama delivered a further blow to shareholders, who have seen the value of their investments more than cut in half in less than a month.

According to figures released at the meeting, Ferruzzi Finanziaria's short-term debt soared to 4.60 trillion lire at the end of May from 1.24 trillion at the end of last year.

Debt figures for the companies controlled by Ferruzzi were not available, nor was an explanation of the sudden sharp rise.

As a result, Ferruzzi managers said the company would now have to cut its nominal capital by

reducing the face value of the company's shares, which are denominated at 1,000 lire.

In spite of intense criticism at the meeting, Mr. Sama defended the group's extensive investments which led to the massive debt.

"The investments of the past two years were not folly of grandeur," he said. "They were necessary to compete on international markets."

Guido Rossi was confirmed as the group's new chairman and Enrico Biondi as its managing director. They were brought in by creditor banks.

Mr. Rossi is a lawyer and former head of Consob, Italy's stock market watchdog committee.

'The investments of the past two years were not folly of grandeur.'
 Carlo Sama, former chief executive officer.

Mr. Sama told shareholders that sales rose 29 percent, to 5.69 trillion lire, in the first quarter from 4.42 trillion lire a year earlier. Sales in all of 1992 were 19 trillion lire.

Gross operating income, or profit before depreciation, financing charges, provisions, and tax, rose 48 percent, to 718 billion lire, in the first quarter.

Mr. Sama told shareholders that the debt load was the result of rapid expansion engineered by Mr. Gardini between 1987 and 1990. He specifically mentioned Mr. Gardini's build-up of a stake in the insurance company La Fondiaria Assicurazioni SpA and the hostile takeover of the chemical group Montedison in 1987.

Mr. Gardini, in a letter published last week, defended his leadership of the group, saying net debt was a manageable 7.8 trillion lire in 1991 when family squabbles drove him out. (Reuters, Bloomberg, AP)

Talk of Rate Cut In Germany Grows Ahead of Meeting

FRANKFURT — Speculation of a cut in German interest rates persisted on Wednesday ahead of this week's meeting of the Bundesbank's policy-making council in Leipzig.

Dealers on the German money market generally ruled out a cut in the Bundesbank's key discount rate and Lombard interest rates on Thursday, especially after the interest rate on the central bank's open market operations declined only marginally Wednesday.

The Bundesbank, pursuing a policy of tiny cuts in these rates, allowed the minimum rate on its securities repurchase agreements to fall to 7.58 percent from 7.59 percent.

However, some economists believed Bonn's efforts to rein in public-sector spending and comments from Bundesbank officials indicating they were not unduly concerned about foreign-exchange rate levels may signal a rate cut.

"The situation is quite favorable for a rate cut. The dollar has weakened slightly, and the government's package of savings measures is likely to be accepted," said a Deutsche Bank economist, Ulrich Beckmann.

Economists also noted that the Bundesbank probably needed to widen the gap between its current minimum securities repurchase rate of 7.58 percent and the 7.25 percent discount rate, used for another kind of secured loan from the Bundesbank to commercial banks and the effective floor rate of the German money market. The Lombard rate, the ceiling is 8.5 percent.

One securities trader said the Bundesbank had no reason to cut interest rates. He said the government's savings package, which was unveiled Tuesday, was not a reason for the Bundesbank to ease, noting that the proposals were only a declaration of intent which had not yet been agreed.

The plan foresees slashing 21.04 billion Deutsche marks (\$12.4 billion) from federal spending in 1994, with savings rising to 27.39 billion DM in 1995 and 28.75 billion DM in 1996.

Finance Minister Theo Waigel told German television the savings plan should pave the way for the Bundesbank to lower interest rates. "I think we have opened room for the Bundesbank, although it must make that decision itself."

The government spokesman, Dieter Vogel, echoed those remarks. "We can point to spending cuts as a

Exchange	Index	Wednesday Close	Provisional Close	% Change
Amsterdam	CBS Trend	112.50	112.20	+0.27
Brussels	Stock Index	6,534.40	6,519.81	+0.22
Frankfurt	DAX	1,697.63	1,708.33	-0.63
Frankfurt	FAZ	659.39	661.07	-0.25
Helsinki	HEX	1,164.91	1,161.08	+0.33
London	Financial Times 30	2,270.90	2,263.20	+0.34
London	FTSE 100	2,900.00	2,886.00	+0.49
Madrid	General Index	258.94	258.54	+0.15
Milan	MIB	1,179.00	1,184.00	-0.42
Paris	CAC 40	1,971.87	1,977.50	-0.28
Stockholm	Afaarsvaerdan	1,320.51	1,319.73	+0.06
Vienna	Stock Index	N.A.	378.03	
Zurich	SBS	810.00	810.30	-0.04

Very briefly:

- Britain's fledgling economic recovery became stronger in June, with orders and output rising in manufacturing, according to a survey to be published on Thursday. The Purchasing Managers' Index rose to 53.7 percent from 53 percent in May.
- The EC Commission has approved 6.4 million European currency units (\$7.68 million) of British government aid to Leyland Daf Vans Ltd.
- Ratners Group PLC, whose business suffered when a former boss said one of its products was rubbish, said its loss narrowed to £40.1 million (\$59.8 million) from £122.3 million and it planned to change its name to Signet Group PLC.
- Spain entered a recession at the end of 1992, the national statistical office said, adding that output fell 1.1 percent from a year earlier in the first quarter of this year.
- Fokker NV said it expects a loss in the region of 150 million guilders (\$79 million) in 1993 because of restructuring costs.
- The East German mark officially passed into history at midnight Wednesday, three years to the day after German monetary union. (Bloomberg, Reuters, AFP)

Germans Loath to Lose Mark

KARLSRUHE, Germany — Germans oppose the abolition of the mark by an overwhelming majority, according to a survey to be published Thursday, just as the supreme court prepared to launch an investigation into the legality of the Treaty on European Union.

A poll of 1,513 voters found that 59 percent opposed the single EC currency planned under the Maastricht accord, and only 31 percent are in favor, the Hamburg weekly Die Woche said.

The poll also found 80 percent of Germans want the Maastricht treaty to be submitted to a referendum. But 53 percent said they would vote in favor of the agreement in such a poll.

The survey confirmed growing anxiety about the impending loss of the mark, but also the public's continuing support for the pan-European cause.

Interest Raises Profit at GEC

LONDON — General Electric Co. said its pretax profit rose 4.1 percent in the year ended March 31, helped by a 33 percent rise in interest income.

The defense, engineering and telecommunications company, which is not related to the U.S. concern of the same name, said pretax profit rose to £263 million (\$1.30 billion) from £249 million in the previous financial year.

Income from deposits and investments advanced to £134 million from £101 million the year before.

British Rail Warns of Red Ink

LONDON — British Rail, due to be sold by the government starting next year, has fallen deep into unprofitability, and its chairman warned on Wednesday that it did not have enough money to stop the passenger network from deteriorating.

Sir Bob Reid reported a pretax loss of £163.9 million (\$244.5 million) for the year through March 31 against a £24.6 million loss in 1992. At least £850 million yearly would be needed merely to maintain the existing network, he said.

"Our financing limit for 1993-94 means that we cannot afford to invest at that level," he said. "Maintaining the infrastructure has to be our first priority. For the money that is available, more needs to be spent to prevent the railway deteriorating, with an increasing number of speed restrictions and a general reduction in reliability."

This figure was apart from the hundreds of millions of pounds needed for new capital projects, he said.

Government subsidies rose 29 percent, to nearly £12 billion, last year but this included operating

subsidies of more than £607 million and was still 21 percent less than the level of support British Rail was getting a decade ago, after adjusting for inflation, he said.

Most of British Rail's passenger services will be sold off as franchises to the private sector, but many lines will continue to be subsidized. The track and signal infrastructure will be kept with a new public authority, Railtrack, and the new operators will have to lease trains from British Rail.

British Rail's customer revenue last year fell marginally, to £3.12 billion from £3.15 billion a year ago. Operating costs rose to £3.71 billion from £3.65 billion. These were offset by the operating subsidies of £607.6 million, up from £522 million.

Of British Rail's three passenger divisions, only its InterCity long-distance unit made an underlying operating profit without subsidy, one of £10.9 million. The Trainload Freight bulk transport was the only one of the three freight operations due for sale to private stockholders that made made an operating profit, earning £103.1 million.

French Joblessness Hits Record 11.5%

PARIS — The number of unemployed in France rose by 29,200 in May, to a record of 3.14 million, or 11.5 percent, the Labor Ministry said on Wednesday.

The April rate had originally been reported at 10.9 percent but was revised upward to 11.4 percent to take into account new estimates. The number of people without a job for at least a year jumped by 1.1 percent, to 941,400, while unemployment among the under-25 age group grew by 0.2 percent.

NASDAQ

Wednesday's Prices
 NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	12 Month High	Low	Stock	Div	Yld	PE	12 Month High	Low	Stock	Div	Yld	PE
120	110	Alcoa	0.10	4.5	15	120	110	Alcoa	0.10	4.5	15	120	110	Alcoa	0.10	4.5	15
150	140	Amgen	0.20	3.0	25	150	140	Amgen	0.20	3.0	25	150	140	Amgen	0.20	3.0	25
200	190	Boeing	0.50	2.5	20	200	190	Boeing	0.50	2.5	20	200	190	Boeing	0.50	2.5	20
250	240	Chrysler	0.15	5.0	12	250	240	Chrysler	0.15	5.0	12	250	240	Chrysler	0.15	5.0	12
300	290	Eastman	0.10	4.0	18	300	290	Eastman	0.10	4.0	18	300	290	Eastman	0.10	4.0	18
350	340	GenCorp	0.15	3.5	22	350	340	GenCorp	0.15	3.5	22	350	340	GenCorp	0.15	3.5	22
400	390	Johnson	0.20	3.0	25	400	390	Johnson	0.20	3.0	25	400	390	Johnson	0.20	3.0	25
450	440	Merck	0.30	2.5	20	450	440	Merck	0.30	2.5	20	450	440	Merck	0.30	2.5	20
500	490	Pfizer	0.25	3.0	25	500	490	Pfizer	0.25	3.0	25	500	490	Pfizer	0.25	3.0	25
550	540	Roche	0.20	3.0	25	550	540	Roche	0.20	3.0	25	550	540	Roche	0.20	3.0	25
600	590	Schering	0.25	3.0	25	600	590	Schering	0.25	3.0	25	600	590	Schering	0.25	3.0	25
650	640	Smith	0.20	3.0	25	650	640	Smith	0.20	3.0	25	650	640	Smith	0.20	3.0	25
700	690	Solvay	0.15	3.5	22	700	690	Solvay	0.15	3.5	22	700	690	Solvay	0.15	3.5	22
750	740	Union	0.10	4.0	18	750	740	Union	0.10	4.0	18	750	740	Union	0.10	4.0	18
800	790	Wendell	0.15	3.5	22	800	790	Wendell	0.15	3.5	22	800	790	Wendell	0.15	3.5	22
850	840	Wendell	0.15	3.5	22	850	840	Wendell	0.15	3.5	22	850	840	Wendell	0.15	3.5	22

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NYSE

Wednesday's Closing Tables include the nationwide prices up to the closing on Wall Street and do not reflect the trades elsewhere. Via The Associated Press (Continued)

Table with columns: 12 Noon, High, Low, Last, Change. Lists various stock prices and market indices.

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Table with columns: 12 Noon, High, Low, Last, Change. Lists various stock prices and market indices.

TRADE: U.S. and EC Spar on Lobbying Japan

Continued from Page 1. market. Based on the results of the reviews, the Community would then propose specific changes to remove the impediments and create more free-market competition, officials said. Top Community officials, including Sir Leon Brittan, the trade negotiator, and Hans van den Broek, the foreign affairs minister, will meet in Tokyo with a Japanese delegation led by Yoshihiro Mori, the trade and industry minister, on Tuesday. The next day the leaders of the United States, Japan, Germany, France, Britain, Italy and Canada will open their summit meeting in the Japanese capital. "We don't reject the idea of putting maximum pressure on Japan to reduce its surplus as a percentage of GDP," said a European trade official in Brussels. "We agree with the U.S. on the aim, and we haven't openly criticized the U.S. approach to cutting the current account surplus." Japanese officials have sought in recent weeks to isolate the United States in its efforts to impose numerical targets on its imports to Japan by portraying the Clinton administration's approach as counter to the principles of free trade. But it is a self-interest rather ideology that appears to have driven the wedge between the United States and Europe over the issue. "If the Japanese markets are opened, European business will have to fight for its share," said Keith Richardson, the secretary-general of the European Roundtable, a Brussels-based association of leading business executives. "I do not hope there are no special arrangements between the U.S. and Japan that might be done. Economists and trade analysts said that Europe and the United States, although united in the general goal of forcing Tokyo to reduce its trade surplus, also remained reluctant to trade because of their own deep trade disputes over issues like agricultural subsidies and access to government contracts. "The fact that the U.S. and the EC have disputes going on in many areas really inhibits them from coming in and presenting a united front to Japan," said Nigel Grant, an economist in the London office of DRI/McGraw-Hill, an economic consulting firm. "In no area is Europe more concerned about trade with Japan than in automobiles. Under an informal agreement with the European Community, Japan has voluntarily limited car sales in Europe over the past several years to allow European carmakers time to prepare for the planned lifting of all import restrictions at the end of the decade. In April, at a time when the Community was predicting a decline in car sales for the year of 6.5 percent from their 1992 level of 13.5 million, Japan agreed to reduce its exports to Europe. But in 1992, when exports were 1.2 million, by 9.4 percent, gripped the Continent this year, car sales in Europe have fallen sharply. As a result, the Community is asking Japan to reduce the 1993 target once again. Japan has agreed to negotiations for the second week of July, but has suggested that it is willing only to discuss a figure for next year rather than reopening this year's agreement. Because of the eroding European economy and the rise in unemployment, economists said it is under increasing political pressure to take a hard line with Japan on trade, and not just in automobiles.

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In Taiwan, Bid to Spur Investment

TAIPEI — The Taiwan government, seeking to boost faltering economic growth, said on Wednesday it would allocate more than \$2 billion to stimulate private investment and high-technology industries.

The state's postal savings system will offer 40 billion Taiwan dollars (\$1.5 billion) to small and medium-sized companies in the form of low-cost loans, said Vincent Siew, chairman of the Council for Economic Planning and Development.

The government set aside 30 billion dollars in similar loans for small and medium-sized enterprises over the past three years.

The government will set aside an additional 20 billion dollars to fund development of the high-technology industries such as aerospace and electronics, Mr. Siew said. The funds are part of an economic stimulus package designed to maintain economic growth in the face of a weak global economy and planned cutbacks in government spending.

Other parts of the package, including five-year tax breaks for some high-technology industries, the opening of state land for industrial use and easing of restrictions on trade with China, were announced earlier in June.

Mr. Siew said the package also envisaged turning an area of Taiwan's western coast into a free-trade zone.

China Fires Central Banker

BEIJING — Deputy Prime Minister Zhu Rongji emerged with increased economic power in China Wednesday following a government shake-up that removed the governor of the central bank.

Mr. Zhu, a champion of capitalist-style market reform, will become head of the People's Bank of China in addition to his other duties, said a Beijing-controlled newspaper in Hong Kong that is often used for sensitive announcements. The newspaper said the change was made in order to fight economic overheating and financial disorder.

The former head of the nation's banking crisis, marked by explosive credit expansion and a depreciating currency.

The newspaper said the Communist Party's ruling Politburo had decided to call a national economic conference to deal with economic problems. Mr. Zhu apparently figures prominently in this task.

A meeting of the 189 people at the top of China's power pyramid has been put off until the end of the year, the newspaper said, giving the government and Mr. Zhu enough time to attempt to whip

wardward provinces into line on fiscal matters. Localities have funded huge increases in fixed investment, fueling inflation and increasing the record budget deficit.

The standing committee of the National People's Congress is currently meeting here. China's parliament has called for tough measures to clamp down on inflation, state television reported. "The financial situation is relatively serious," Li Hao, vice director of the parliament's finance committee, was quoted as saying.

"The finance committee believes we must now take strong, effective measures to curb inflation by strictly controlling the scale of fixed-asset investment, new loans and the growth in money supply," Mr. Li said. He told the parliament's standing committee that state revenues have not kept pace with growth, and treasury-bond sales are very slow, the station said.

The official Xinhua news agency quoted a legislator, Cai Cheng, as saying: "Poor financial management and weak controls on banks are two of the major reasons for the country's present financial problems."

Construction Jobs Post Fall in Japan

TOKYO — Public construction orders at Japanese companies are falling, the government reported Tuesday, signaling that two spending packages aimed at boosting the economy have failed to revive growth.

The Construction Ministry said government orders to contractors totaled 434 billion yen (\$4.08 billion) in May. That was down 4.5 percent from May 1992 even though the government said that two massive spending plans released over the past year would target public construction projects.

"It shows how little the packages have done," said Bernard Simon, a senior analyst at Jardine Fleming Securities in Tokyo. "Public orders just aren't coming through."

While construction orders from the private sector have been weak throughout Japan's two-year recession, the decline in government orders in May is the first in six months. It came despite a 13.2 tril-

lion yen spending package announced in April.

Economists say the packages have not channeled enough money into areas of the economy that would spur the sort of public demand needed to revive growth.

Overall, construction orders at Japanese contractors totaled 1.26 trillion yen in May, down 17.3 percent from a year earlier, the Construction Ministry said.

The numbers are the latest in a string of poor economic data released in Japan this week showing declining consumption, weak industrial output and rising joblessness.

The release of weak orders this week is seen as a sign that Japan's construction industry just as it is reeling from news Tuesday that executives from four well-known contractors were arrested for allegedly paying kickbacks to secure public works contracts.

The Construction Ministry also reported that housing starts for May totaled 114,637 units, up 0.4 percent from a year earlier.

Investor's Asia				
Exchange	Index	Wednesday Close	Prev. Close	% Change
Hong Kong Hang Seng		7,099.28	7,089.42	+0.14
Singapore Straits Times		1,802.78	1,806.52	-0.22
Sydney All Ordinaries		1,738.80	1,718.50	+1.18
Tokyo Nikkei 225		19,590.00	19,543.42	+0.24
Kuala Lumpur Composite		721.17	720.58	+0.08
Bangkok SET		877.52	878.77	-0.14
Seoul Composite Stock		748.87	745.89	+0.43
Taipei Weighted Price		3,986.51	4,067.83	-1.78
Manila Composite		1,577.41	1,568.78	+0.55
Jakarta Stock Index		360.35	358.85	+0.42
New Zealand NZSE-40		1,680.66	1,679.34	+0.08
Bombay National Index		1,036.30	1,028.00	+0.81

Japan Air Lines Expects to Break Even

TOKYO — Japan Air Lines Co. said Tuesday it expected that it would be able to avoid losses in the financial year ending March 31, 1994 as a result of a drastic restructuring plan announced earlier this year.

But the airline warned that it was not likely to post a current, or pretax, profit.

In the previous financial year, it had a current loss of 55.70 billion yen (\$523.5 million) and a net loss of 47.87 billion yen.

The airline predicted revenue of 1.33 trillion yen in the current financial year, up slightly from 1.28 trillion yen in the previous year, partly due to the introduction of new routes. An executive of the company also said

the airline expected the global economy to recover slightly in the current financial year.

The airline recently announced an extensive belt-tightening capital program as well as cost-cutting measures for the five-year period ending in March 1998.

The plan includes delays in the introduction of new plane models, reduced investments in facilities, a cut in ground staff and an increase in the number of non-Japanese cabin attendants.

As part of the broader move to cut costs, the airline announced this spring that it had closed five sales offices and three reservation centers in North America.

Very briefly:

- Sony Corp., Matsushita Electric Industrial Co., Pioneer Electronic Corp. and seven other Japanese companies formed a high-definition television laser-disk venture called Hi-Vision Software Corp. It plans to release 30 films on HDTV laser disks this year.
- Japanese exports of home video recorders and color television sets slumped 17.3 percent in May, to 1.1 million units, reflecting poor shipments to the United States, Hong Kong and China.
- Shanghai Petrochemical Plant, one of nine Chinese state companies,

exported to be listed on the Hong Kong Stock Exchange, became a limited-liability corporation called Shanghai Petrochemical Co. It also formed a new company, China Petrochemical Shanghai Jintan Development Co., to which it transferred noncore units including construction, design and machinery.

• Tsang Kuen (China) Enterprise Co., an appliance maker, became the first Taiwan-owned company to list on a Chinese stock exchange, with 58,000 shares on the Shenzhen Stock Exchange.

• South Korea's current account was in surplus in May for the first time this year by \$239.4 million.

AMEX

Tables include the nationwide prices on the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div. Yld	PE	52 Wk High	Low	Latest Close
17 1/2	17 1/2	AA	5 1/2	12	17 1/2	17 1/2	17 1/2
17 1/2	17 1/2	AA	5 1/2	12	17 1/2	17 1/2	17 1/2
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17 1/2	17 1/2	AA	5 1/2	12	17 1/2	17 1/2	17 1/2
17 1/2	17 1/2	AA	5 1/2	12	17 1/2	17 1/2	17 1/2

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17 1/2	17 1/2	AA	5 1/2	12	17 1/2	17 1/2	17 1/2
17 1/2	17 1/2	AA	5 1/2	12	17 1/2	17 1/2	17 1/2
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17 1/2	17 1/2	AA	5 1/2	12	17 1/2	17 1/2	17 1/2
17 1/2	17 1/2	AA	5 1/2	12	17 1/2	17 1/2	17 1/2
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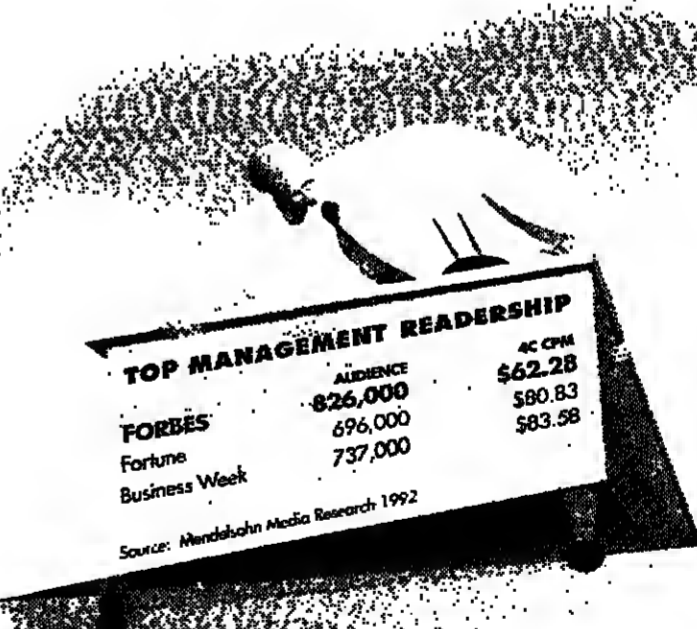
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17 1/2	17 1/2	AA	5 1/2	12	17 1/2	17 1/2	17 1/2
17 1/2	17 1/2	AA	5 1/2	12	17 1/2	17 1/2	17 1/2
17 1/2	17 1/2	AA	5 1/2	12	17 1/2	17 1/2	17 1/2
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17 1/2	17 1/2	AA	5 1/2	12	17 1/2	17 1/2	17 1/2
17 1/2	17 1/2	AA	5 1/2	12	17 1/2	17 1/2	17 1/2
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17 1/2	17 1/2	AA	5 1/2	12	17 1/2	17 1/2	17 1/2
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17 1/2	17 1/2	AA	5 1/2	12	17 1/2	17 1/2	17 1/2
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SPORTS BASEBALL

Blue Jays Steal 2d From Orioles

By Mark Maske
Washington Post Service

BALTIMORE — It was a night the Baltimore Orioles will remember if they fall just short in the American League East race this season.

A game well on its way to producing an invigorating victory instead yielded a horrific defeat, as the Toronto Blue Jays rallied with two ninth-inning runs Tuesday night to escape with a 2-1 triumph after Ben McDonald took a two-hit shut-out and a 1-0 lead into the ninth.

Although the division-leading Blue Jays began the game atop the

month, while the fourth-place Orioles were left with their first three-game losing streak since May 28-30. And, having lost the first two games of the three-game set, they fell seven games behind in the East.

"We stole this one," Hentgen said.

In other games. The Associated Press reported:

Yankees 4, Tigers 3: Wade Boggs led off the bottom of the 10th with his first homer since last Aug. 4 — and his first for New York — to hand visiting Detroit its eighth straight loss.

Rookie Bobby Munoz pitched 3 1/2 hitless innings, striking out Travis Fryman with the bases loaded to end the seventh after the Tigers had tied on a bases-loaded walk by Steve Howe.

The victory moved the Yankees past Detroit into second place in the East, three games behind Toronto while Detroit fell four back.

Indians 8, White Sox 2: Kenny Lofton hit his first grand slam in the majors, against visiting Chicago, and Cleveland matched its longest winning streak of the season with its fifth straight victory.

Twins 7, Mariners 5: Kirby Puckett singled home the go-ahead run in the sixth as Minnesota, playing at home, beat Seattle by rallying for five runs that night. Chip Hale, who had three of Minnesota's 15 hits, tied it with a single.

Brewers 7, Red Sox 6: Milwaukee scored four unearned runs in the ninth and stopped host Boston's seven-game winning streak.

Rangers 4, Royals 3: Rookie Dan Feltner, taking Jose Canseco's spot on the roster, blooped an RBI single that capped a four-run rally in the eighth as Texas beat visiting Kansas City.

Canseco said earlier in the day that a torn ligament in his right elbow, for which season-ending surgery is likely, was caused by his pitching in an already-lost game in Boston on May 29.

Athletics 8, Angels 7: Brent Gates' single drove in Ruben Sierra with two out in the bottom of the 11th and Oakland edged California.



Shortstop Travis Fryman made Paul O'Neill pay for a stolen base, but it was the Yankees who won, on Wade Boggs' homer in the 10th.

Don't Start the Dirge For Baseball — Yet

By Ira Berkow
New York Times Service

NEW YORK — Uncle Sam, in his star-spangled top hat and striped trousers and snowy goatee, and the Statue of Liberty, that distinctive female with tiara and sandals, were sitting on stuffed chairs in their living room, watching television. "I must confess," said Uncle Sam to Lady Liberty, "I'm starting to prefer basketball to baseball."

This scene took place in a cartoon drawing by Misha Richter in a recent issue of *The New Yorker* magazine. But could it be that the sports tastes of America had so shifted that the National Pastime had moved into another era — and crowned a new champ?

Could it be that we have so snipped away at our roots, and certainly then, at our sense of ourselves to make such an admission? Could it be that we are more entranced now with Jordan and Barkley and the National Basketball Association final and the league's draft on Wednesday than we are with Marrying and Young Griffey and Old Nolan and the baseball race?

Could it be that with the shorter attention spans brought on by television, with a need for quicker, metropolitan gratification, Uncle Sam is moving away from pastoral baseball?

Once, as Jacques Barzun wrote in the 1950s and which has been quoted unendingly, it was accepted with little question that "Whoever wants to know the heart and mind of America had better learn baseball." Must this be amended to basketball?

Not so fast, Unc.

"I think it's just a bandwagon effect," said Donald Fehr, the executive director of the Major League Baseball Players Association. "The NBA playoffs were exciting. But the baseball attendance figures don't indicate there's been such a change as that cartoon suggests."

Attendance in the major leagues through games of last Sunday was 31,386,954, a rise of 24.8 percent over last season. While the two expansion teams, Colorado and Florida, have bulked up that figure — the Rockies are averaging 56,000 a game, the Marlins 40,000 — attendance when those two teams are not included is still 10.4 percent better than last year.

Attendance records in the big leagues have been set in six of the last eight years, and this will make it seven of nine.

Average attendance is about 30,000 a game. In the year that Barzun wrote his perceptions of baseball and country, 1954 — often thought of as a heyday of baseball and the year in which the Say Hey Kid made the world's greatest catch — average attendance was, surprisingly, only about 13,000.

THE TELEVISION rating for the Bulls-Suns series was the highest in NBA finals history, at 17.9 and with a 33-point share of the TV audience. But it is still below even the lowest rating in history for a World Series, which was the 1970 Baltimore-Cincinnati five-game set, played in daytime and not prime time, which had 19.5, but with a spectacular 52-point share. For the last all-U.S. World Series — Minnesota versus Atlanta in 1991 — the rating was 24, more than six points higher than the Bulls-Suns.

In marketing, Major League Baseball Properties is expected this year to sell nearly \$3 billion in signature caps, mugs, wrist bands and other paraphernalia, the highest of any team sport.

But there are warning signs, to be sure: demographics tell us, for example, that in the young males sector of ages 12-17, baseball's viewership is down 24 percent from three years ago. And basketball is up 31 percent, pro football up 16 percent.

While basketball and football have been marketed prodigiously better than baseball in recent years — the baseball owners have acted not only as if they hate their players, but hate each other, and the fans, too — and while basketball, particularly, lends itself to swift, sensational plays on a constant basis that baseball cannot equal, there remains a basic beauty and unfolding drama that is uniquely baseball. And, as of this writing, thoroughly satisfyingly, if we are to believe the numbers, to the American tastes.

And while basketball has become engrossing, baseball remains a potent attraction. It's just that the true baseball season starts later than usual nowadays — after the NBA finals.

AL ROUNDUP

Major leagues with a .383 batting average. McDonald had dominated. He was on the verge of winning his third straight start and crafting his first shutout of the season.

The Orioles had squandered one scoring chance after another against starter Pat Hentgen, but they got an RBI single from Jeffrey Hammonds in the fourth. That, it seemed, would be enough.

Then Roberto Alomar's single, a wild pitch and a walk to Paul Molitor finished McDonald, Manager Johnny Oates went to left-hander Brad Pennington, not right-handed closer Greg Olson, to face the left-handed-hitting John Olerud, now hitting .405.

That backfired. Alomar stole third base. Olerud dumped a single into right to tie the score and Tony Fernandez bounced a hit through the right side of the infield to get Molitor home from second.

"Well, we play pretty aggressive," said the Blue Jays' manager, Cito Gaston. "If Robby gets thrown out, that's no problem. We'll just come back tomorrow and see if we can win again. You can't play this game afraid."

Olson came to the mound in the eighth to escape further damage, but the Orioles couldn't recover. Their frustrating night saw them get five runners to third base who didn't score.

McDonald was charged with more than one earned run for the first time in his six starts this

Phils Outslug Cards, 13-10, to Halt Skid

The Associated Press

The Philadelphia Phillies were back to abusing pitchers, which was a good thing for them.

"We needed all the runs we could get," their manager, Jim Fregosi, said after the Phillies outslug the Cardinals, 13-10, Tuesday night in St. Louis to end a three-game losing streak.

The Phillies broke the game open with six runs in the sixth inning and led, 12-5, before the Cardinals made it close with five runs in the last three innings. Luis Alcega hitting a three-run home run in the ninth.

The Phillies' first three hitters, Lenny Dykstra, Mitch Thompson and John Kruk, each had three hits, producing four doubles and five RBIs. Jim Eisenreich got three RBIs, the team 17 hits.

That a night after the NL East leaders were held to one run in the first game of the four-game series against the second-place Cardinals, who are 7 1/2 games back again. During their losing streak, the Phillies scored just six runs.

"We all knew we could hit," Eisenreich said. "It's just a matter of going out and doing it. It seemed like it was a night for hitting."

The Phillies' starter, Ben Rivera, was the only one of nine pitchers in the game to leave smiling. He won for the seventh time in eight decisions despite allowing five runs and seven hits in five innings.

Giants 3, Dodgers 1: John Burkett became the NL's first 12-game winner, and San Francisco's Willie McGee drove in two runs in Los Angeles.

Robbie Thompson doubled and scored in a decisive two-run first inning, and hit his ninth homer to account for the other run off Orel Herschiser.

Reds 3, Astros 0: Barry Larkin homered to back Tom Browning's 7 1/2 shutout innings as Cincinnati beat visiting Houston.

Braves 6, Rockies 4: David Justice came out of a 1-for-16 slump with a bases-empty homer and an RBI single in Atlanta.

Atlanta got three runs in the third on five straight two-out hits.

Cubs 10, Padres 5: Mark Grace hit a two-run homer in the seventh that put Chicago ahead, 5-3, and the visiting team rallied twice to welcome back Mike Morgan.

Grace was 3 for 5 with three RBIs and three runs scored, and Rey Sanchez was 4 for 5. Morgan, who came off the disabled list earlier in the day, allowed three runs — all on Phil Plantier's two homers — and seven hits in six innings.

Expos 9, Pirates 2: Moises Alou, Marquis Grissom and Larry Walker hit consecutive homers in the seventh as Montreal stopped visiting Pittsburgh's three-game winning streak.

Mets 10, Marlins 9: Rookie Jeremy Burnitz doubled in the 12th and scored on Tim Bogar's sacrifice fly as New York outlasted host Florida.

The Marlins' Greg Briley tied the score in the bottom of the ninth with a two-out single that scored Benito Santiago from second base.

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Picks of the Litter Sit and Wait, Nervously on Eve of NBA Draft

By Clifton Brown
New York Times Service

TROY, Michigan — Five of the country's top college players sat in a hotel conference room, nervously contemplating their fate in Wednesday night's National Basketball Association draft.

"Wouldn't you be nervous?" asked Jamal Mashburn, the University of Kentucky star who is expected to be among the top four picks. "You could end up on one coast, or another. You don't know what's going to happen. You don't know what's going to happen. You don't know what's going to happen."

Chris Webber, the player expected to be the No. 1 pick in the draft, which was to begin at 2:00 GMT, joined Shawn Bradley, J. R. Rider, Calbert Cheaney, and Mashburn at a day-before news conference. But none of the players could answer for certain the one question they were asked most often: "Where do you think you will be selected?"

The Orlando Magic, with the No. 1 pick, were expected to take Webber, teaming him with center Shaquille O'Neal to form an imposing front-court combination.

It has been speculated for weeks that Orlando might trade the pick, particularly to Golden State, which owns the No. 3 pick and covets either Bradley or Webber.

But the Magic must be careful in trading for more high-priced players because of salary-cap problems. So unless a last-minute three-way deal developed, Webber appeared headed for Disney World. And he sounded confident enough to handle the pressure that comes with being No. 1.

"Maybe this is a cocky attitude, but I feel that if you don't pick me, you're missing out," said the 6-foot, 9-inch (2.05-meter) forward who decided to enter the draft after his sophomore season at Michigan.

"I would love to play for Orlando, I'm not going to lie. But there are a lot of good players in here, and none of us have to brown-nose to be picked on a team. We're all good, we've all proven ourselves. If Jamal gets the first pick, I'm just going to say, 'Well, they missed out on me.' But they can't go wrong with Jamal. They can't go wrong with me. They can't go wrong with Shawn Bradley."

Bradley, the favorite to be chosen No. 2 by the Philadelphia 76ers, is the draft's biggest curiosity. Having spent the last two years on a Mormon mission in Australia, he will enter the league untested by recent game competition.

Bradley said he weighed 245 pounds (111 kilograms) and that he would spend the summer working on his endurance and strength. But during his one season at Brigham Young, where he averaged 14.8 points, 7.7 rebounds, and 5.2 blocked shots, he led the collegians in blocked shots and showed admirable agility for a player his size.

"Whether I have an incredible impact on the game, or whether I'm a flop, giving 100 percent is all I can do," he said. "A basketball is my first baby toy I had. Having two years off and being able to put things in perspective helped me realize how much I love the game. My hunger and desire are back. The skills are there. It will just take a couple of months to get them back."

Should Webber and Bradley be chosen 1-2, the Warriors appeared to be torn between choosing Mashburn or Anfernee Hardaway, a 6-7 guard from Memphis State. The Dallas Mavericks, at No. 4, were expected to take either Mashburn or Hardaway, whichever remained.

But, there was a slim chance that the Mavericks' new coach, Quinn Buckner, an Indiana graduate, might be tempted to take Hoosier star Cheaney. That would really throw the draft in a new direction.

Sam Schuler, the Warriors' director of player personnel, said his team was still trying to work out a three-way deal to move up in the draft.

"We're doing what every team in the league is doing: talking and trying to make a wise basketball decision," Schuler said. "Our needs are for a big player. If we were fortunate enough to move up to No. 1, you could make a case that either Webber or Bradley would fit in with us. At that point, we'd have to make a decision."

If the Magic took Webber, current players Dennis Scott or Brian Williams may have to be traded to create room under the salary cap for the rookie.

Asked if he would accept less money from the Magic than he would from another team, Webber said: "I don't want to be a bad guy and say, 'I want this, I want that.'"

"Really, I don't even want to know what they're asking for. Some people might think that's naive, but if you have common sense, at these salaries, you should be able to live well for a long time. And I think I have common sense. I don't want to get caught up in the figures. I don't know if I'll have to sit out. I just want to make sure that whatever I get, I'm worth it."

Everything would be much clearer Thursday morning. But Cheaney spoke for most of the players when he said, "As the draft gets closer, I'm getting more and more nervous. I know tomorrow I'll be a nervous wreck."

But there are warning signs, to be sure: demographics tell us, for example, that in the young males sector of ages 12-17, baseball's viewership is down 24 percent from three years ago. And basketball is up 31 percent, pro football up 16 percent.

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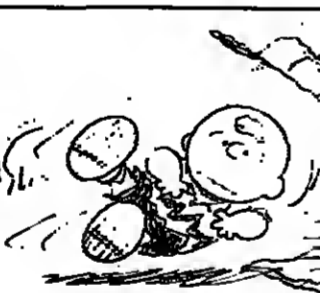
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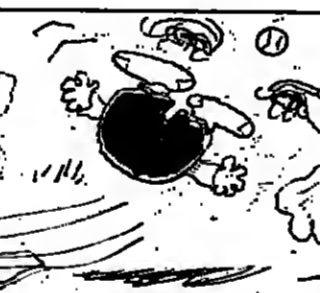
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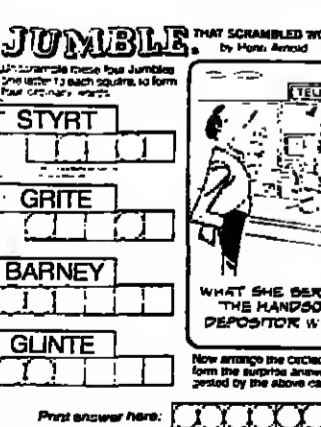
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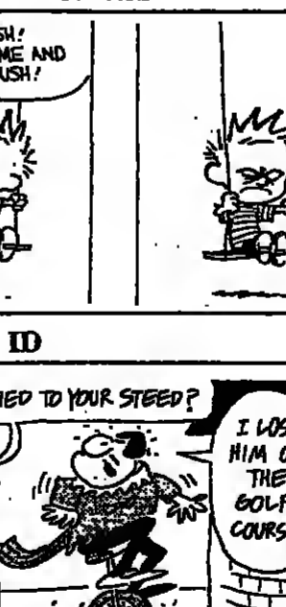
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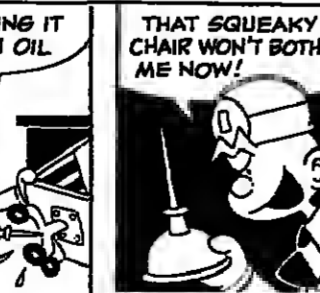
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SPORTS WIMBLEDON

Sampras, Painfully, Dethrones Agassi While Becker Outlasts Stich

Courier, Edberg Also Gain Semis

WIMBLEDON, England — With his shoulder aching and the Centre Court crowd cheering wildly for his opponent, Pete Sampras kept his cool Wednesday and held on for a five-set victory over defending champion Andre Agassi to reach the Wimbledon semifinals.

The top-seeded Sampras, who was treated several times by the trainer for the inflamed tendon in his right shoulder, staged off a furious comeback by Agassi to win by 6-2, 6-2, 3-6, 3-6, 6-4 in 2 hours, 48 minutes.

Earlier, on Court One, third-seeded Jim Courier reached the Wimbledon semifinals for the first time by beating fellow American Todd Martin 6-2, 7-6 (7-5), 6-3. And two-time champion Stefan Edberg, the No. 2 seed and oddsmakers' favorite, swept past unseeded Cedric Pioline of France 7-5, 7-5, 6-3.

It was the first time since 1927 that the top four men's seeds had made it to the semifinals. On Friday, Sampras will face Boris Becker and Edberg will play Courier.

Sampras overcame considerable adversity in order to beat Agassi. Besides his shoulder problems, he had the overwhelmingly pro-Agassi crowd to contend with. Even Sampras's errors drew wild cheers.

Agassi's fans included Hollywood entertainer Barbra Streisand, who sat in the players' box and frequently jumped to her feet to lead the applause. After winning a key point, Agassi would often pump his fists and look over at his entourage.

Agassi appeared to have the momentum after winning the third and fourth sets, but Sampras regained the advantage when he broke for a 3-2 lead in the final set.

Sampras had two match points at 5-3, but Agassi saved both. In the next game, however, Sampras served out the match at love. He served three aces in a row — his 20th, 21st and 22nd of the match — to go up by 40-0 and finished with a good serve that Agassi returned wide.

"He raised his game a level and I couldn't answer," Agassi said. "That's the bottom line." Agassi — and the crowd — looked dazed during the first two sets as Sampras dominated, serving and volleying with authority and playing steady if unspectacular shots from the baseline. Sampras took the pace off the ball, and Agassi couldn't find his rhythm or timing.

"I didn't want to get in a slugfest match with Andre," Sampras said. "I just wanted to make him work."

Agassi made his move at the start of the third set when he broke serve for the first time for a 1-0 lead. At that stage, Streisand said many other fans gave Agassi a standing ovation.

"I was just determined to fight until I could pull things together," he said. "Once I got the break on him, it allowed me to believe I could do it."

Pumped up, Agassi swept through the third and fourth sets, punctuated by a crushing inside-out backhand passing shot to break Sampras and force a fifth set.



Pete Sampras kept his cool if not his feet in holding off Andre Agassi and his wild bunch.

"After he broke me in the third set, I started thinking about my shoulder," Sampras said. "I started sloping and hanging my head a little bit. But it was something I could play through and I just told myself to suck it up for the last set. It was more mental than anything."

Once Sampras got the service break, he was in charge — even though he took a painkiller during the changeovers.

"Pete is the kind of player who steamrolls players," Agassi said. "When he got up that break, it didn't seem like he slowed up at all."

As for Streisand, Agassi said, "It's always nice to have a close friend be here to share in a victory or a defeat."

Sampras said he would receive more treatment on his shoulder but expected to be ready for Friday's semifinals.

Courier has won the French Open and Australian Open twice. But he has never had much success on grass, reaching the Wimbledon quarterfinals once. He said he's enjoying himself.

"The fun started a while ago, but this is where it gets really exciting," he said. "No one was thinking that I had any chance, but I've got

to go out there and swing away and see what happens."

The 6-foot, 6-inch (1.98-meter) Martin got to the quarterfinals on the strength of a big serve-and-volley attack, but Courier managed to keep him at the baseline with his strong groundstrokes.

When Martin did come in, Courier was often ready with passing shots. He also capitalized on Martin's double faults on several key points.

Martin's one chance to make the match interesting came when he earned a set point with Courier serving at 4-5 in the second set. But Martin squandered the opportunity when, on the fourth shot of the rally, he sailed a forehand way beyond the baseline.

Courier held serve and, in the subsequent tiebreaker, hit a forehand return winner down the line to win it, 7-5. He then dominated the third set.

In the women's semifinals Thursday, Steffi Graf, the top seed and defending champion, plays Conchita Martinez and Martina Navratilova, the No. 2 seed and nine-time champion, faces Jana Novotna. Both Graf and Navratilova have reached the semifinals without losing a set. In five matches, Navratilova has dropped just 16 games and Graf only 15.

The Odd Couple of Germany Play Up a Storm on the Court

By Ian Thomsen

WIMBLEDON — The German question moved across the foreign lawn on four uneven legs, stopping once to bow diplomatically before its host. The bow seemed only half sincere: the red half, the question continued along until the net actually divided it into two proponents, equal in the sense that each perpetually wants to beat the other in tennis.

The quarterfinal match at Wimbledon between Boris Becker and Michael Stich was started before a largely silent gallery, which reacted as if watching government at work in another language. To the 1980s it was never this complicated, but Becker has been seeking to regain power for two years now, almost exactly two years, ever since Stich knocked him loose. They might have been more than cordial before: now Stich is too dangerous.

"Friends we are not," Becker said recently. "But we also are not enemies. We respect each other, and that's as much as it can get. I think."

From different points of view they play the same game, allowing the stakes of their tremendous serves to carry them toward the net. The first set went to Becker after his break of Stich in deuce of the 11th game; the second and third were Stich's in tiebreakers which, after such a long campaign, serve as tennis' equivalent to a run-off election. But the results could not be disputed — it was 7-5, 6-7 (7-5), 6-7 (7-5), 6-4 — and at home one side was trumpeting the other.

"Boris is for very many people an idol," Stich had said in an interview published recently in the German edition of Playboy. "I am an example for some."

The point he was trying to make surfaced only in the fourth set, as Becker was rising up as he absolutely had to in conquering Stich's serve. Becker's chair was turned to face the court, while Stich's was as he had found it, backed up against the umpire's ladder, facing nothing. They sat and listened to a chorus of "Boris, Boris, Boris." The same would not have been said of Michael.

Only one year separates them in age, but Becker is much older. Stich was 16 when Becker broke through unseeded at Wimbledon in 1985. For another six years Becker was everything to German tennis —

this side of Steffi Graf, that is — and in that time he filled out as surely as the stand-up comic grew up to become Woody Allen. It's at the point now that Becker appears Bohemian. He looks as if somebody agreed to hack off his hair in return for a painting. He has posed nude with his fiancée, Barbara Felts, who has a black American father and German mother. They are considering buying a home in London, to make a statement about the racial tensions in Germany as much as to escape them.

In preparing for this quarterfinal Wednesday, Becker was confronting everything he doesn't like about tennis — namely, losing. His opponent beat him in straight sets in that Wimbledon final two years ago, which made a German successor out of Stich while almost necessarily weakening Becker. He has not visited a Grand Slam final since.

Neither has Stich. It's as though something was split between them, with Stich accepting his end by inheritance. He has been made to stand for something, whereas his red-haired rival, ever ready and warily had to speak his mind. If Becker is Becker, then Stich is the one who married young, wearing a white tuxedo to the church. He is the one who, when escaping his principal residence of Salzburg, chooses to live in the German town of Elmshorn, Iowa, is the sister city of Dubuque, Iowa.

He is the one who was quoted by Playboy as saying of right-wing radicalism: "One should not say that it is fundamentally bad. As far as that is concerned, I simply do not know those people who have this tendency, follow these aims and maybe even have some plausible reasons for their actions, which would be understandable from their point of view."

The interview quoted him as trying to see things from the conservative point of view: "These people are very bitter, they are disappointed about the refugees policy and the unemployment. So who is helping them out then? Who is giving them education or work? Who tells them what they should do?"

Stich claimed last week that the most troubling statements were quotations turned against him. "I'm never sympathizing with those people. I never did, I never will, and that's the only thing I said in that interview," he said. However,



Boris Becker had his hands full in defeating Michael Stich.

he has not sought a legal routine from Playboy — a fairly routine process in Germany, but one which seeks proof.

His Davis Cup teammates like Stich (Becker no longer plays Davis Cup, saying it's too nationalistic). No one seems to believe Stich is racist, no one believes he lacks intelligence, and therefore no one believes — if the original statements were accurate — that he knew what he was talking about. Such explanations of the German problems are not remarkable. They do not stand up, especially from the distance of Monte Carlo or London. They sound plausible only to the German who doesn't know any better.

On Wednesday the two sides came together and stood apart.

launching tennis balls at each other for the resolution of the secret. At home another question lay unresolved: but in this stadium, a champion was ascending. The fourth set went to Becker, and the people fell in line behind him.

In the final set earned a break advantage into his last service game. A majority was screaming the name of Boris, as if against a whistling wind. At last Stich stumbled and fell chasing a backhand, and a few breathless moments later the lead grass was still on his back as the last serve ricocheted off his racket. Meeting at the net, Becker appeared to console him, but Stich, rather than waiting for his better half, merely skulked off the court alone. And that, probably, is something Boris Becker would not have done.

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE			
East Division			
Team	W	L	Pct.
Toronto	45	32	.588
New York	45	33	.577
Detroit	43	35	.552
Baltimore	37	41	.477
Boston	35	43	.447
Cleveland	35	42	.452
Minnesota	32	45	.416
West Division			
Team	W	L	Pct.
Chicago	39	37	.513
Kansas City	38	37	.513
California	37	38	.500
Seattle	37	40	.481
Texas	34	40	.461
Minnesota	30	42	.417
Los Angeles	29	41	.414

NATIONAL LEAGUE

East Division			
Team	W	L	Pct.
Philadelphia	44	31	.588
St. Louis	44	31	.588
Atlanta	42	34	.556
Pittsburgh	37	40	.481
Chicago	36	40	.474
Florida	34	41	.452
New York	33	42	.440
West Division			
Team	W	L	Pct.
San Francisco	32	34	.485
Arizona	32	34	.485
Los Angeles	29	34	.461
Houston	28	34	.450
Cincinnati	27	40	.403
San Diego	26	40	.395
Colorado	25	40	.387

Tuesday's Line Scores

AMERICAN LEAGUE			
Team	R	H	E
Chicago	2	10	1
Cleveland	2	10	1
Baltimore	1	10	1
Detroit	1	10	1
New York	1	10	1
NATIONAL LEAGUE			
Team	R	H	E
Atlanta	0	10	0
Philadelphia	0	10	0
St. Louis	0	10	0
Pittsburgh	0	10	0
San Diego	0	10	0
Los Angeles	0	10	0
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Colorado	0	10	0
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ART BUCHWALD

Brotherly Devotion

WASHINGTON — Every once in a while I worry about my government. Recently I became concerned when The Washington Post dug up an older half-brother of President Clinton...



Buchwald

Washington Post dug up an older half-brother of President Clinton — a half-brother the president didn't know he had. His name is Henry Leon Ritzenthaler. When the president was questioned about it, he said that he was checking it out. He told reporters that he had called his alleged brother, but Henry wasn't home and the president had left a message on his answering service.

De Havilland Wardrobe Sold

LONDON — The wardrobe of Olivia de Havilland, who was outfitted almost exclusively by the house of Christian Dior, has been sold for £29,900 (about \$43,800) at a Christie's auction.

equipment known to man. Surely he can't disappear into thin air! He has to pick up his calls on the answering machine sooner or later.

"The CIA is as perplexed as you are, sir. They had a tip from the FBI that your half-brother had been spotted on the 'Today' show, 'Good Morning America' and CBS 'This Morning.'"

"We're checking it out now, Willard Scott, our mole at the 'Today' show, is afraid to talk about it."

"Why would my brother avoid me?" "It's hard to fathom, Mr. President. Maybe he has all the family he wants. Also, there are some people who don't want to be connected with the White House. They figure that they have enough trouble as it is."

"What else are you doing to discover his whereabouts?" "We obtained a court order to open his mail, and the Secret Service is building a composite sketch of him to be placed in post offices across the United States. The Atlantic fleet is watching for him off the coast of Haiti. Sooner or later somebody is bound to see him in a 7-Eleven or a McDonald's. Just out of curiosity, Mr. President, why are you so anxious to find him?"

"I need a standby brother — in case the one I have now screws up. Wouldn't you think that a guy would be interested in contacting a long-lost relative who is leader of the Free World?" "I would think so, especially after all the political victories you have had this week. I think you should send out word that if your brother turns himself in, you'll make him David Geffen's deputy."

"I'd love to catch him before he appears on 'Gerald'!"

John Grisham: Readers' Verdict Is In

By David Streitfeld

WASHINGTON — The verdict is unanimous: John Grisham is the most popular thing to come out of the U.S. legal world since no-fault divorce. Walk down the aisle of any airplane and a half-dozen people will be reading 'The Pelican Brief' or 'A Time to Kill'.

Grisham has sold 25 million books in less than 18 months, a figure that undoubtedly makes him the fastest-selling novelist in American history. Yet if Grisham is inescapable, you can find a chorus of perplexed reviewers complaining that he's not very good.

"I could put it down," one goes, and "written in the grand tradition of the American comic book" and "reads like one of those cheesy 'novelizations' of movie scripts you can find in bookstores." Others say, "They point out that his plots are flimsy, the stereotypes grating and Arab terrorists even named 'Khamel'."

Grisham is 38, by all accounts a nice guy, if a little bewildered and beleaguered. And why not? Every journalist in the United States wants to talk to him, every reader wants to meet him, and meanwhile he's only five chapters into his fifth book, which is coming out next spring and is of course expected to be another blockbuster. It wasn't possible to interview him for this story.

Things were more placid once. For a decade Grisham was a lawyer in Southaven, Mississippi. It took him three years to write 'A Time to Kill,' which was turned down by 15 agents and publishers before Jay Green agreed to take him on. Green saw something in Grisham, but for a time couldn't convince any one else in 1988 the obscure Winwood Press finally issued the book.

ly issued the book, to great yawns. Fewer than 5,000 copies were sold. A year ago, after the success of 'The Firm,' 'A Time to Kill' was published by Dell in paperback. It's been on the best-seller list ever since — 63 weeks. There are now 6 million copies in print. What happened? It's no better a book than it was back when no one cared. But now people have heard about it, and they want it.

Most novels are published in a virtual secrecy, never able to reach even a minimal audience that would appreciate them.

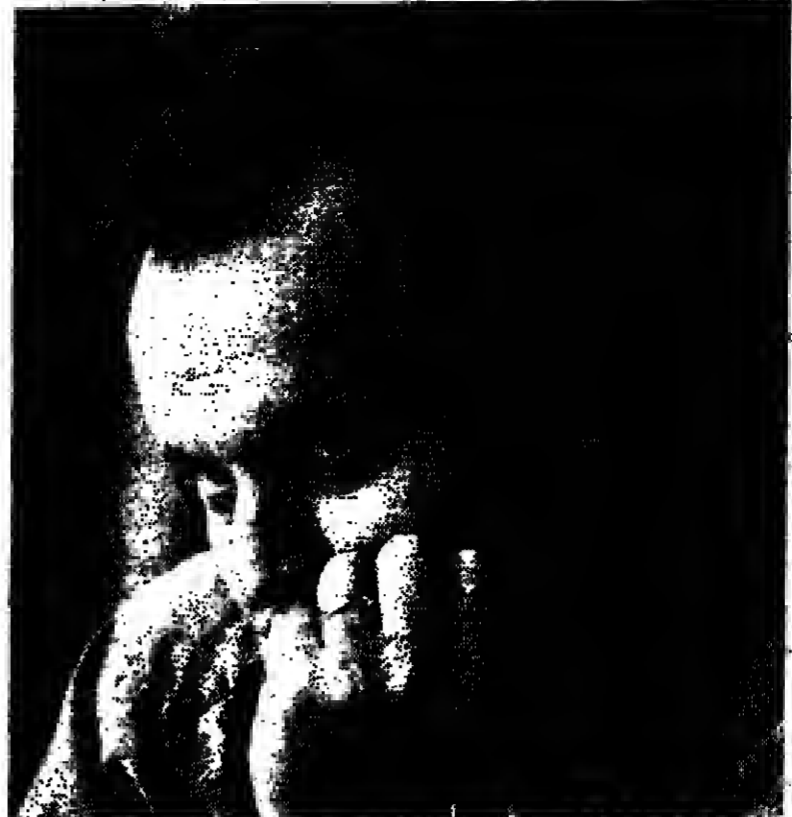
Grisham is one of the few writers who approach the automatic name recognition of, say, Tom Cruise or Julia Roberts. 'The Firm' had good luck from the beginning. Booksellers loved this story of a young lawyer up against not one but two sets of villains — the Mob and the Feds — and recommended it to their customers as a compulsive read.

The Village Voice Literary Supplement did a good job of deconstructing the appeal of 'The Firm,' pointing out that in the true 1980s tradition, "it simultaneously worships and demonizes money" while remaining "free of the literary out brain of social commentary; instead it serves up a delicious pâté of designer labels, shocky suspense, and six-figure salaries."

It also had an extremely helpful plot device, one used in works as various as 'Rosemary's Baby' and 'JFK.' There's a vast conspiracy out there, and everyone except our hero is part of it. Mitch McDeere is an ordinary guy — well, brilliant and a shark, but kind of ordinary — who finds out that his law firm is a front for the mob. He's forced to do battle, albeit reluctantly.

"Mitch is the common man," says Arlene Friedman, editorial director of the Literary Guild. "He's everyone's image of what it would be like to be able to achieve it all and find there was nothing but evil and corruption." If Grisham had written only 'The Firm,' it would be possible to conclude that he had merely gotten lucky. But his next book, 'The Pelican Brief,' doubled the hardcover sales of 'The Firm,' selling 1.3 million copies. And 'The Client,' published this spring, doubled his sales again, in less than four months. It has 2.6 million copies in print.

Robert Barnett, the Williams & Connolly agent and lawyer, basically thinks Grisham is so great, he can't wait to read his next book. "Grisham has an absolutely wonderful ability to write dialogue and



Author Grisham: 25 million books can't be wrong — or can they?

plot. His books move along rapidly and pleasantly. He also has an uncanny ability to take issues involving law and lawyers and translate them into something extremely readable and lively."

A slight variation on this theory holds that Grisham is successful not so much for what he puts in as for what he leaves out. This list includes extraneous details, subplots, rich characterization — anything that would get in the way of the urgent plot. "He gets you breathing hard and shallow," said Bill Kramer, a Washington bookseller, "and that keeps you turning those pages."

There's also the Wholesome Theory. While there's some sex in Grisham's novels, it's usually along the lines of "They had sex." The violence, too, is much less horrific than anything in the daily newspaper.

And then there's the curiosity angle: For the past two years, people have been hearing about Grisham at parties, at lunch with their colleagues or from the folks next to them on the plane. People now buy the books simply to see what all the fuss is all about.

The most popular theory about Grisham is that he's sold 25 million books because of his subject matter. This, of course, is the Lawyer Theory.

"It used to be the conventional opinion in paperback publishing that if you put a swastika on the cover, it would sell," says Gerald Howard, an editor at W. W. Norton. "Now it's the scales of justice, somewhat tipped. The law has replaced Nazis as the fuel for commercial entertainment." "Lawyers are the people everyone loves to hate," says the Literary Guild's Friedman, noting that even lawyers dislike the profession. "A lot of people who go into the law are idealistic, but they find out it wasn't as they anticipated. In some ways, Mitch in 'The Firm' could be almost every lawyer I've known. I don't know one who doesn't want to get out."

In all of Grisham's books, the FBI and other government representatives are portrayed as not only venal but incompetent as well. This again confirms what many people already believe. "The public doesn't really have faith in the government anymore, do they?" asks Friedman. "It's a sad commentary on our times."

PEOPLE

Whitney Suets and Post Prints a Retraction

Whitney Houston, slapped the New York Post with a \$60 million lawsuit for a story that said she overdosed on diet pills. And the Post printed a retraction on Wednesday, saying: "Ms. Houston did not suffer an overdose of any pills and does not take diet pills. She was not admitted to Miami's Mount Sinai Hospital (or any other hospital), and was not diagnosed with any heart irregularities." One of the reporters who wrote the story, Florence Anthony, apologized. "I am very sorry that we caused all of this trouble," she said.

Amy Fisher and her parents have agreed to settle a lawsuit filed by Mary Jo Buttafuoco who was shot by the Long Island teenager, who said she was having an affair with Buttafuoco's husband, Joey. Fisher, 18, is serving a 5- to 15-year sentence for the shooting. Mrs. Buttafuoco had sued for \$150 million. The terms were not disclosed.

The Duchess of York, her separation from Prince Andrew now legally sealed, has vowed not to marry her Texan financial adviser, The Sun said. "I'll never marry John Bryan. It's too ridiculous for words," the newspaper quoted the 33-year-old duchess, as telling friends. "Meanwhile Princess Diana, another royal in line for a divorce, turns 32 on Thursday."

Dr. William Kennedy Smith has finished his one-year sentence at the University of New Mexico Medical Center and is bound for Chicago, where he will continue his studies in rehabilitation medicine. Smith was acquitted of a rape charge in 1991.

Ike Turner, the former partner of Tina Turner, has denounced the movie "What's Love Got to Do With It," in which he's portrayed as a drug addict and a wife-beater. "That has to be the biggest lie ever told," he said. "It's a total fabrication. The only thing I put my foot down on was the music."

INTERNATIONAL CLASSIFIED Appears on Pages 6 & 7

WEATHER

Forecast for Friday through Sunday, as provided by Accu-Weather.

Table with columns for Region, City, High, Low, Wind, and other weather metrics for various global locations.



North America: A sizzling heat wave will envelope the nation's midsection Friday into the weekend. Rainfall to Berlin will turn slightly cooler with no more than a passing shower. A heat wave will develop over Spain and Portugal by the weekend. Madrid and Lisbon will be sunny and hot, while further east, Rome will be sunny and warm.

Table with columns for Region, City, High, Low, Wind, and other weather metrics for various global locations.

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Table with columns for Region, City, High, Low, Wind, and other weather metrics for various global locations.

Table with columns for Region, City, High, Low, Wind, and other weather metrics for various global locations.

CROSSWORD

- ACROSS: 1. Sniffed's noun, 8. Luggage, 9. Embroidering aid, 13. Many a backboard leg, 14. A N.Y. drama award, 15. Delicate purple, 16. Awards, with "for", 18. Out of the sack, 19. Bains and corals?

Solution to Puzzle of June 30: SARK ASHE TAPES, OGGIE SHOD EPOOE, ARIL PAW BROKER, PETTIEVER ARLENE, SEE NNE ETAL, REO RAVI OVEN, ACTUARIALTALLES, GISE FICK AMOUNT, HODS BEEP DOT, ERBS EVE IRE, GRETLE POOLROOM, LASTRESORT INRE, UTTER BITE MAIN, TEARY WEAR SILTID.

- DOWN: 2. Donkeys and elephants?, 24. A view from Mount Everest, 33. Olga, 33. Carola's aunt, 34. Actor Arkin, 36. Chuchster - chum, 21. Sloth, for oris, 22. Withered near the Faeroes, 23. Hydrocarbon used as a solvent, 37. Check, 38. Freed, 39. Tom's Kamo, 40. Holmes's creator, 41. The Harlem Globetrotters?, 45. He has vested interests, 46. Some, 47. Youth org., 50. Brownout?, 53. Oda, Indian, 54. Superman and Mr. Hyde, 57. Bizarre, 58. do-well, 59. Tipper, for one, 60. Tennyson and Napoleon, for two, 61. Dick Tracy's sweetie, 62. "boy!"

- 31. Every knock is... (old saying), 7. Young lass, 8. Pen pod, e.g., 9. "Evening Bell" painter, 10. Extinguished, 11. Egg. Corn, form, 12. For each, 15. Papa Sheen, 17. Cheers!, 26. Weaney, preprocessor, 24. Tim and smart, 25. A first name in architecture, 26. Greek Faunus, 27. "Breaking Away" director, 28. Identical, 29. Police agt., 30. "The Waste Land" poet, 31. Where Petruchio wooed it woefully, 38. Gospel writer, 40. Modern appliance, 42. Mashers' relatives, 43. Colette's aunts, 44. Inserts, 47. Sired, 48. Paddock sound, 49. Befuddled, 51. Rob's — 101's friend, 52. S.A. country, 54. Doghouse, 55. D.D.E.'s command.

If you're going to travel all over the map, here's how to call from almost any point on it.



Table titled 'AT&T Access Numbers' listing international phone numbers for various countries like ANDORRA, ARMENIA, AUSTRALIA, etc.

AT&T puts the world at your fingertips. Just dial the AT&T access number of the country you're calling from for quick, clear connections back to the U.S. and lots of other countries. International calling made simple is all part of 'The I Plan' from AT&T.



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